



Dave Yost • Auditor of State



**CITY OF CAMPBELL  
MAHONING COUNTY**

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MAHONING COUNTY**

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# Dave Yost • Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

City of Campbell  
Mahoning County  
351 Tenney Avenue  
Campbell, Ohio 44405

To the City Council:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Campbell, Mahoning County, Ohio, (the "City") as of and for the years ended December 31, 2009 and 2008, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. The Auditor of State served during the years ended December 31, 2009 and 2008 as the City's financial supervisor under Ohio Revised Code § 118.05 (G). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to audit the City because the Auditor of State may assume broad management powers, duties and functions under Ohio Revised Code § 118.04. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 118.05 (G) requires the Auditor of State to provide these supervisory services, and Ohio Revised Code § 117.11 (A) mandates the Auditor of State to audit Ohio governments. We believe that our audit provides a reasonable basis for our opinions.

Ohio Administrative Code § 117-2-03 (B) requires the City to prepare its annual financial report in accordance with accounting principles generally accepted in the United States of America. However, as discussed in Note 2, the accompanying financial statements and notes follow the modified cash accounting basis. This is a comprehensive accounting basis other than generally accepted accounting principles. The accompanying financial statements and notes omit assets, liabilities, fund equities, and disclosures that, while material, we cannot determine at this time.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Campbell, Mahoning County, Ohio, as of December 31, 2009 and 2008, and the respective changes in modified cash financial position and the respective budgetary comparison for the General and Park funds thereof for the years then ended in conformity with the basis of accounting Note 2 describes.

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As described in Note 1 to the financial statements, the City is experiencing financial difficulties and has been declared to be in fiscal emergency under criteria established by Ohio Revised Code Chapter 118. Management's plans in regard to this matter are also discussed in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 25, 2011, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Management's discussion and analysis is not a required part of the basic financial statements but is supplementary information the Governmental Accounting Standards Board requires. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measuring and presenting the required supplementary information. However, we did not audit the information and express no opinion on it.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

**Dave Yost**  
Auditor of State

January 25, 2011

**City of Campbell, Ohio**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2009*  
*Unaudited*

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The discussion and analysis of the City of Campbell's financial performance provides an overall review of the City's financial activities for the fiscal year ended December 31, 2009. The intent of this discussion and analysis is to look at the City's financial performance as a whole. Readers are encouraged to consider the information presented here in conjunction with the additional information contained in the financial statements and notes to enhance their understanding of the City's financial performance.

***Financial Highlights***

The City faced numerous challenges during 2009. The major challenges were to reduce expenditures in the general fund, street fund and water operating fund as well as maintain a balanced budget in all other funds.

- The City of Campbell utilized the services of the Regional Income Tax Agency (R.I.T.A.) during 2009. R.I.T.A. administers and collects the City's income taxes as of January 1, 2005. As a result, income tax collections for the City's general fund are remaining consistent with the prior year; due in part to accelerated collections of delinquencies, collecting from prior non-filers, and enforcing payment of quarterly estimated taxes by individuals.
- Major Grants: The major grants received by the City are CDBG, CHIP and Small Cities Formula Allocation Grants.

***Using the Basic Financial Statements.***

This annual report is presented in a format consistent with the presentation requirements of Governmental Accounting Standards Board Statement No. 34, as applicable to the City's modified cash basis of accounting.

***Report Components***

The statement of net assets and the statement of activities provide information about the cash activities of the City as a whole.

Fund financial statements provide a greater level of detail. Funds are created and maintained on the financial records of the City as a way to segregate money whose use is restricted to a particular specified purpose. These statements present financial information by fund, presenting funds with the largest balances or most activity in separate columns.

The notes to the financial statements are an integral part of the government-wide and fund financial statements and provide expanded explanation and detail regarding the information reported in the statements.

**City of Campbell, Ohio**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2009*  
*Unaudited*

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*Basis of Accounting*

The basis of accounting is a set of guidelines that determine when financial events are recorded. The City has elected to present its financial statements on a modified cash basis of accounting. This basis of accounting is a basis of accounting other than generally accepted accounting principles. Under the City's modified cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.

As a result of using the modified cash basis of accounting, certain assets and their related revenues (such as accounts receivable) and certain liabilities and related expenses (such as accounts payable) are not recorded in the financial statements. Therefore, when reviewing the financial information and discussion within the report, the reader must keep in mind the limitations resulting from the use of the modified cash basis of accounting.

***Reporting the City of Campbell as a Whole***

*Statement of Net Assets and the Statement of Activities*

The statement of net assets and the statement of activities reflect how the City did financially during 2009, within the limitations of modified cash basis accounting. The statement of net assets presents the cash balances and investments of the governmental and business-type activities of the City at year end. The statement of activities compares cash disbursements with program receipts for each governmental program and business-type activity. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function or business-type activity draws from the City's general receipts.

These statements report the City's cash position and the changes in cash position. Keeping in mind the limitations of the modified cash basis of accounting, you can think of these changes as one way to measure the City's financial health. Over time, increases or decreases in the City's cash position is one indicator of whether the City's financial health is improving or deteriorating. When evaluating the City's financial condition, you should also consider other non-financial factors as well such as the City's property tax base, the condition of the City's capital assets and infrastructure, the extent of the City's debt obligations, the reliance on non-local financial resources for operations and the need for continued growth in the major local revenue sources such as property and income taxes.

In the statement of net assets and the statement of activities, we divide the City into two types of activities:

*Governmental activities* - Most of the City's programs and services are reported here, including general government, security of persons and property, leisure time activities, community environment and transportation. Governmental fund information helps determine whether there are more or less financial resources that can be spent to finance the City's programs. The programs reported in the governmental funds are closely related to those reported in the governmental activities section of the entity-wide statements.

*Business-type activities* - When the City charges customers for the services it provides, these services are generally reported in proprietary funds. When the services are provided to the general public, the activity is reported as an enterprise fund. The City has two enterprise funds, the water and sewer funds.



**City of Campbell, Ohio**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2009*  
*Unaudited*

**Reporting the City's Most Significant Funds of the City of Campbell**

*Fund Financial Statements*

The analysis of the City's major funds begins on page 16. The fund financial reports give a detailed report of the activities within the funds. The City currently has thirty-five funds. These funds are in existence to provide a multitude of services to the citizens of Campbell. Each fund is in some ways an entity unto itself. Each fund has a designed revenue stream and restricted uses for the monies within the fund.

**Governmental funds** All of the City's major activities (excluding the water and sewer fund) are reported in the governmental funds. This report shows how monies flow into and out of these funds and also shows what balances are available for future expenditures. The accounting method used to report this activity is the cash method. This method reports cash and like-cash items that can be converted to cash. This shows what level of financial resources is available or will be available to provide the services that the general government provides in the near future. These services include police and fire protection, as well as improving and maintaining the City's streets, parks, and city hall.

**Proprietary Funds** Proprietary funds use the same basis of accounting as business-type activities; therefore, these statements will essentially match.

**Fiduciary Funds** Fiduciary funds are used to account for resources held for the benefit of parties outside the City. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs.

**The City as a Whole**

Table 1 provides a summary of the City's net assets for 2009 compared to 2008 on a modified cash basis:

**Table 1**  
*Net Assets*

	Governmental Activities		Business-Type Activities		Total	
	2009	2008	2009	2008	2009	2008
<b>Assets</b>						
Equity in Pooled Cash and Cash Equivalents	\$2,113,238	\$1,768,397	\$842,317	\$658,399	\$2,955,555	\$2,426,796
Investments	14,110	14,138	0	0	14,110	14,138
<b>Total Assets</b>	<b>2,127,348</b>	<b>1,782,535</b>	<b>842,317</b>	<b>658,399</b>	<b>2,969,665</b>	<b>2,440,934</b>
<b>Net Assets</b>						
Restricted for:						
Capital Projects	67,528	38,672	0	0	67,528	38,672
Other Purposes	1,256,398	1,091,761	0	0	1,256,398	1,091,761
Unrestricted	803,422	652,102	842,317	658,399	1,645,739	1,310,501
<b>Total Net Assets</b>	<b>\$2,127,348</b>	<b>\$1,782,535</b>	<b>\$842,317</b>	<b>\$658,399</b>	<b>\$2,969,665</b>	<b>\$2,440,934</b>

**City of Campbell, Ohio**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2009*  
*Unaudited*

Net assets of governmental activities increased during 2009. The primary reasons contributing to the increases in cash balances are an increase in property taxes received, and reductions in hospitalization and other employee benefit costs as a result of staff reductions and retirements.

Table 2 reflects the changes in net assets in 2009 from 2008.

**Table 2**  
*Change in Net Assets*

	Governmental Activities		Business-Type Activities		Total	
	2009	2008	2009	2008	2009	2008
<b>Revenues</b>						
<b>Program Revenues</b>						
Charges for Services and Sales	\$660,979	\$454,154	\$1,860,762	\$1,922,799	\$2,521,741	\$2,376,953
Operating Grants and Contributions	949,530	807,822	0	0	949,530	807,822
Capital Grants and Contributions	8,382	301,733	0	0	8,382	301,733
<b>Total Program Revenues</b>	<b>1,618,891</b>	<b>1,563,709</b>	<b>1,860,762</b>	<b>1,922,799</b>	<b>3,479,653</b>	<b>3,486,508</b>
<b>General Revenues</b>						
Property Taxes	385,083	385,644	0	0	385,083	385,644
Income Taxes	1,712,391	1,763,231	0	0	1,712,391	1,763,231
Grants and Entitlements	372,766	506,831	0	0	372,766	506,831
Investment Earnings	14,393	60,969	4,274	14,104	18,667	75,073
Miscellaneous	73,900	58,885	24,477	15,206	98,377	74,091
<b>Total General Revenues</b>	<b>2,558,533</b>	<b>2,775,560</b>	<b>28,751</b>	<b>29,310</b>	<b>2,587,284</b>	<b>2,804,870</b>
<b>Total Revenues</b>	<b>4,177,424</b>	<b>4,339,269</b>	<b>1,889,513</b>	<b>1,952,109</b>	<b>6,066,937</b>	<b>6,291,378</b>
<b>Program Expenses</b>						
General Government	1,169,245	1,120,067	0	0	1,169,245	1,120,067
Security of Persons and Property:						
Police	1,061,513	1,107,456	0	0	1,061,513	1,107,456
Fire	418,995	471,988	0	0	418,995	471,988
Leisure Time Activities	189,298	157,891	0	0	189,298	157,891
Community Environment	449,417	381,156	0	0	449,417	381,156
Transportation	387,166	885,104	0	0	387,166	885,104
Principal Retirement	108,038	101,664	0	0	108,038	101,664
Interest and Fiscal Charges	48,939	55,313	0	0	48,939	55,313
Water	0	0	1,654,320	1,611,670	1,654,320	1,611,670
Sewer	0	0	51,275	58,342	51,275	58,342
<b>Total Program Expenses</b>	<b>3,832,611</b>	<b>4,280,639</b>	<b>1,705,595</b>	<b>1,670,012</b>	<b>5,538,206</b>	<b>5,950,651</b>
<b>Change in Net Assets</b>	<b>344,813</b>	<b>58,630</b>	<b>183,918</b>	<b>282,097</b>	<b>528,731</b>	<b>340,727</b>
<b>Net Assets Beginning of Year</b>	<b>1,782,535</b>	<b>1,723,905</b>	<b>658,399</b>	<b>376,302</b>	<b>2,440,934</b>	<b>2,100,207</b>
<b>Net Assets End of Year</b>	<b>\$2,127,348</b>	<b>\$1,782,535</b>	<b>\$842,317</b>	<b>\$658,399</b>	<b>\$2,969,665</b>	<b>\$2,440,934</b>

Program revenues represent over half of total receipts and are primarily comprised of restricted intergovernmental receipts such as motor vehicle license and gas tax money, fine money allocated to and restricted for use by the municipal court and grant money restricted by the State and Federal granting agencies. In addition, a large portion of program revenue receipts are revenues received in the water fund for water usage.

**City of Campbell, Ohio**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2009*  
*Unaudited*

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General receipts represent slightly less than half of the total receipts, and of this amount, the majority are taxes. Grants and entitlements not restricted for any purpose make a small percent of general receipts. Investment earnings and miscellaneous receipts are insignificant and are somewhat unpredictable revenue sources.

Disbursements for general government represent the overhead costs of running the City and the support services provided for the other Governmental activities. These include the costs of council, the mayor, administration, law, finance (income tax, central cash, accounts payable, and payroll), and the Municipal Court.

Security of persons and property are the costs of police and fire protection; public health services are provided under a contract with the Mahoning County District Board of Health; leisure time activities are the costs of maintaining the parks and playing fields; community environment represents expenditures for private residential rehab and other activities through the CHIP program, and other activities which include road paving under the Small Cities Formula Allocation Program, both of which are funded with Federal Community Development Block Grants. Transportation is the cost of maintaining the roads.

A separate five-year, three mills Safety Forces Levy provides approximately \$200,000 net of County Auditor and Treasurer's fees annually, allocated \$100,000 each to offset salaries from the Police and Fire Departments.

Debt service on the debt issued to acquire assets in the governmental-type activities is paid from income tax, real estate and personal property tax, gas tax, interest income, fees, licenses, permits and other various revenue sources.

Outstanding debt due to governmental-type activities was the result of payments on a street paving loan, lease-purchase of a fire truck, and payments on the prior accrued liability for the police and fire pension funds.

In the business-type activities, user fees from a specific monthly charge per account are the primary revenue source for the repayment of debt. A decrease in debt from the business-type activities was the result of making OWDA and OPWC payments during the year.

The decrease in governmental liabilities was due to no issuance of Local Government Fund Notes during 2009 that were used to reduce the amounts of unpaid accounts payable and reduce deficits. The only expenditures during 2009 were for that year's services and not unpaid accounts payable from prior years.

***Governmental Activities***

If you look at the Statement of Activities on pages 14 and 15, you will see that the first column lists the major services provided by the City. The next column identifies the costs of providing these services. The major program disbursements for governmental activities are general government, security of persons and property, leisure time activities, community environment and transportation. The next three columns of the Statement of Activities entitled Program Cash Receipts identify the amounts paid by people who are directly charged for the service and grants received by the government that must be used to provide a specific service. The Disbursements Receipt column compares the program receipts to the cost of the service. This "net cost" amount represents the cost of the service, which is predominately money provided by local taxpayers. These net costs are paid from the general receipts that presented at the bottom of the Statement of Activities.

**City of Campbell, Ohio**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2009*  
*Unaudited*

A comparison between the total cost of services and the net cost of service is presented in Table 3.

(Table 3)

	Governmental and Business- Type Activities		Governmental and Business- Type Activities	
	Total Cost Of Services	Net Cost of Services	Total Cost Of Services	Net Cost of Services
	2009	2009	2008	2008
General Government	\$1,169,245	\$788,102	\$1,120,067	\$900,365
Security of Persons and Property				
Police	1,061,513	805,455	1,107,456	885,661
Fire	418,995	323,182	471,988	369,758
Leisure Time Activities	189,298	175,038	157,891	146,621
Community Environment	449,417	(6,361)	381,156	49,146
Transportation	387,166	(28,673)	885,104	208,402
Principal Retirement	108,038	108,038	101,664	101,664
Interest and Fiscal Charges	48,939	48,939	55,313	55,313
<b>Business-Type Activities:</b>				
Water	1,654,320	(58,449)	1,611,670	(169,455)
Sewer	51,275	(96,718)	58,342	(83,332)
<i>Total Expenses</i>	<u>\$5,538,206</u>	<u>\$2,058,553</u>	<u>\$5,950,651</u>	<u>\$2,464,143</u>

The dependence upon property and income tax receipts is apparent as \$2,213,720, or over 57 percent of governmental activities are supported through these receipts.

Funding for governmental activities is derived from several sources, the largest of which is the City's municipal income tax. The income tax rate is 2.50 percent and it generated \$1,712,391 in revenue for 2009, accounting for approximately 40.99 percent of governmental activities revenue. The revenue collected from the income tax was receipted into the following funds: 90 percent went to the general fund and 10 percent to the Parks operating fund. Unrestricted state shared revenues (local government funds) received through the County for 2009 were \$372,766 and represent about 8.92 percent of governmental activities revenue.

The City of Campbell continues to suffer continued erosion of the tax base due to additional loss of jobs, a decline in the number of taxpayers, an aging population, retirement of residents with high paying jobs working in other communities and relocation of younger citizens to other area communities and outside of the local area due to the lack of jobs.

Other factors affecting revenues and expenditures in the governmental activities include, but are not limited to the following:

- A decrease in income taxes, due to a greater portion of the population being retired and subject to lower tax rates from 2008 to 2009.
- A decrease in Local Government Funding received directly from the State and County from 2008 to 2009 due to the overall poor economic conditions.

**City of Campbell, Ohio**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2009*  
*Unaudited*

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***Business-Type Activities***

The water operation of the Government is relatively small and routinely reports receipts and cash disbursements that relatively equal. The infrastructure is beginning to age and the City has begun discussing the need for major repairs and how to fund those repairs. We have also received notification from the Ohio EPA that improvements may be necessary to satisfy new water quality standards.

***The City's Funds***

Information about the City's governmental funds begins on page 16. All governmental funds had revenues of \$4,177,424 and expenditures of \$3,832,611. The funds are monitored monthly with adjustments made periodically during the year in budgets to accommodate yearly revenues.

The general fund had receipts of \$2,700,917 and cash disbursements of \$2,537,097 and encumbrances of \$128,448. The increase in fund balance was attributable to the results of an overall reduction in expenditures. The City was still constrained on further reductions due to minimum manning clauses and other restrictions upon management to reduce expenditures contained in various labor agreements.

Information about the proprietary funds starts on page 20. All business-type funds had operating revenues which exceeded operating expenses. The excess in revenues over expenditures was due in large part to an increase in receipt of unpaid bills and an increase in water rates. This excess is offset by the principal and interest payments on the water plant outstanding debt which causes an actual increase in net assets.

The City continually reviews revenues and expenditures of these funds and the necessary adjustments are made to ensure strength in our enterprise funds.

***General Fund Budgeting Highlights***

The City's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the general fund.

During 2009, the City amended its general fund budget to reflect changing circumstances. Final budgeted expenditures were \$2,750,129. Actual expenditures were \$2,665,545, or \$84,584 less than anticipated expenditures primarily due to controlling general government costs.

***Capital Assets and Debt Administration***

***Capital Assets***

The City does not currently keep track of its capital assets and infrastructure. The City does not have the assets to upgrade the accounting software and computer equipment to accomplish this task. It is not known when the City will have the means to upgrade its computer hardware and software to accomplish the task. Also reductions in staff may additionally delay implementation.

**City of Campbell, Ohio**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2009*  
*Unaudited*

*Long-term Obligations*

(Table 4)  
 Outstanding Long-term Obligations at Year End

	Governmental Activities		Business-Type Activities		Total	
	2009	2008	2009	2008	2009	2007
Local Governmental Fund Notes	\$327,387	\$423,639	\$0	\$0	\$327,387	\$423,639
Long-term Loan	0	0	0	0	0	0
OWDA Loans	0	0	1,782,550	1,870,068	1,782,550	1,870,068
OPWC Loan	0	0	516,090	590,260	516,090	590,260
Capital Leases	0	0	0	0	0	0
Police and Fire Pension	548,551	560,337	0	0	548,551	560,337
<b>Total</b>	<b>\$875,938</b>	<b>\$983,976</b>	<b>\$2,298,640</b>	<b>\$2,460,328</b>	<b>\$3,174,578</b>	<b>\$3,444,304</b>

The local government fund notes were issued to pay long overdue accounts payable as well as outstanding unpaid Police and Fire and Ohio Public Employees pension payments. The capital leases are for a fire truck. The long-term loan was issued for street paving projects throughout the City. For the business-type funds, the debt was issued for the water system improvements and a water storage tank replacement.

Police and Fire Pension accrued liability payments are funded by two separate allocations of .3 mills inside millage, which generates approximately \$42,000 annually.

**Current Financial Related Activities**

The City is continuing to pursue economic development. Construction of a new bridge across railroad tracks and the Mahoning River provide access to land located in former steel mill property was completed in fall of 2005.

The City is encouraging development of the land located in former steel mill property once the property has been environmentally cleared. A grant has been obtained for Brownfield restoration and environmental studies.

The challenge for the City is to provide quality services to the public while staying within the restrictions imposed by limited, and in some cases shrinking, funding. The City relies heavily on local taxes and has very little industry to support the tax base. Faced with declining revenues, increased costs for goods and services, primarily energy costs, the City is attempting to hold down on expenditures wherever possible, and keep personnel costs in check.

**City of Campbell, Ohio**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2009*  
*Unaudited*

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**Contacting the City's Finance Department**

This report is designed to provide the reader with a broad overview of the City's financial position, as well as a general understanding of the financial operations of the City. If you have any questions about this report or need any additional financial information, please contact Sherman Miles, Director of Finance, 351 Tenney Avenue, Campbell, Ohio 44405, telephone 330-755-9863.

## Basic Financial Statements



**City of Campbell, Ohio**  
*Statement of Net Assets - Modified Cash Basis*  
*December 31, 2009*

	Governmental Activities	Business-Type Activities	Total
<b>Assets</b>			
Equity in Pooled Cash and Cash Equivalents	\$2,113,238	\$842,317	\$2,955,555
Investments	14,110	0	14,110
<i>Total Assets</i>	<u>2,127,348</u>	<u>842,317</u>	<u>2,969,665</u>
<b>Net Assets</b>			
Restricted for:			
Capital Projects	67,528	0	67,528
Other Purposes	1,256,398	0	1,256,398
Unrestricted	803,422	842,317	1,645,739
<i>Total Net Assets</i>	<u>\$2,127,348</u>	<u>\$842,317</u>	<u>\$2,969,665</u>

See accompanying notes to the basic financial statements

**City of Campbell, Ohio**  
*Statement of Activities - Modified Cash Basis*  
*For the Year Ended December 31, 2009*

	Program Cash Receipts			
	Cash Disbursements	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Governmental Activities</b>				
General Government	\$1,169,245	\$347,591	\$33,552	\$0
Security of Persons and Property:				
Police	1,061,513	228,829	27,229	0
Fire	418,995	70,299	24,731	783
Leisure Time Activities	189,298	14,260	0	0
Community Environment	449,417	0	455,178	600
Transportation	387,166	0	408,840	6,999
Principal Retirement	108,038	0	0	0
Interest and Fiscal Charges	48,939	0	0	0
<i>Total Governmental Activities</i>	3,832,611	660,979	949,530	8,382
<b>Business-Type Activities</b>				
Water	1,654,320	1,712,769	0	0
Sewer	51,275	147,993	0	0
<i>Total Business-Type Activities</i>	1,705,595	1,860,762	0	0
<i>Total</i>	\$5,538,206	\$2,521,741	\$949,530	\$8,382

**General Receipts**

Property Taxes Levied for:

    General Purposes

    Safety Forces

Income Taxes Levied for:

    General Purposes

    Parks

Grants and Entitlements not Restricted to Specific Programs

Investment Earnings

Miscellaneous

*Total General Receipts*

*Change in Net Assets*

*Net Assets Beginning of Year*

*Net Assets End of Year*

See accompanying notes to the basic financial statements

Net (Disbursements) Receipts and Changes in Net Assets		
Governmental Activities	Business-Type Activities	Total
(\$788,102)	\$0	(\$788,102)
(805,455)	0	(805,455)
(323,182)	0	(323,182)
(175,038)	0	(175,038)
6,361	0	6,361
28,673	0	28,673
(108,038)	0	(108,038)
(48,939)	0	(48,939)
(2,213,720)	0	(2,213,720)
0	58,449	58,449
0	96,718	96,718
0	155,167	155,167
(2,213,720)	155,167	(2,058,553)
177,324	0	177,324
207,759	0	207,759
1,541,152	0	1,541,152
171,239	0	171,239
372,766	0	372,766
14,393	4,274	18,667
73,900	24,477	98,377
2,558,533	28,751	2,587,284
344,813	183,918	528,731
1,782,535	658,399	2,440,934
<u>\$2,127,348</u>	<u>\$842,317</u>	<u>\$2,969,665</u>

**City of Campbell, Ohio**  
*Statement of Modified Cash Basis Assets and Fund Balances*  
*Governmental Funds*  
*December 31, 2009*

	General	Park	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>				
Equity in Pooled Cash and Cash Equivalents	\$789,312	\$403,651	\$920,275	\$2,113,238
Investments	14,110	0	0	14,110
<i>Total Assets</i>	<u>803,422</u>	<u>403,651</u>	<u>920,275</u>	<u>2,127,348</u>
<b>Fund Balances</b>				
Reserved for Encumbrances	128,448	0	22,811	151,259
Unreserved, Undesignated, Reported in:				
General Fund	674,974	0	0	674,974
Special Revenue Funds	0	403,651	829,936	1,233,587
Capital Projects Funds (Deficit)	0	0	67,528	67,528
<i>Total Fund Balances</i>	<u>\$803,422</u>	<u>\$403,651</u>	<u>\$920,275</u>	<u>\$2,127,348</u>

See accompanying notes to the basic financial statements

**City of Campbell, Ohio**  
*Statement of Cash Receipts, Disbursements and Changes in Modified Cash Basis Fund Balances*  
*Governmental Funds*  
*For the Year Ended December 31, 2009*

	General	Park	Other Governmental Funds	Total Governmental Funds
<b>Receipts</b>				
Property Taxes	\$177,324	\$0	\$207,759	\$385,083
Income Taxes	1,541,152	171,239	0	1,712,391
Intergovernmental	372,766	0	949,993	1,322,759
Investment Earnings	10,625	0	3,768	14,393
Charges for Services	129,344	14,260	0	143,604
Fines, Licenses and Permits	422,948	0	94,427	517,375
Contributions and Donations	0	0	7,919	7,919
Miscellaneous	46,758	250	26,892	73,900
<i>Total Receipts</i>	<u>2,700,917</u>	<u>185,749</u>	<u>1,290,758</u>	<u>4,177,424</u>
<b>Disbursements</b>				
Current:				
General Government	1,139,909	0	29,336	1,169,245
Security of Persons and Property:				
Police	964,162	0	97,351	1,061,513
Fire	306,880	0	112,115	418,995
Leisure Time Activities	0	189,298	0	189,298
Community Environment	0	0	449,417	449,417
Transportation	0	0	387,166	387,166
Debt Service:				
Principal Retirement	97,795	0	10,243	108,038
Interest and Fiscal Charges	28,351	0	20,588	48,939
<i>Total Disbursements</i>	<u>2,537,097</u>	<u>189,298</u>	<u>1,106,216</u>	<u>3,832,611</u>
<i>Excess of Receipts Over Disbursements</i>	<u>163,820</u>	<u>(3,549)</u>	<u>184,542</u>	<u>344,813</u>
<b>Other Financing Sources (Uses)</b>				
Transfer In	0	0	12,500	12,500
Transfer Out	(12,500)	0	0	(12,500)
<i>Total Other Financing Sources (Uses)</i>	<u>(12,500)</u>	<u>0</u>	<u>12,500</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	151,320	(3,549)	197,042	344,813
<i>Fund Balances Beginning of Year</i>	<u>652,102</u>	<u>407,200</u>	<u>723,233</u>	<u>1,782,535</u>
<i>Fund Balances End of Year</i>	<u>\$803,422</u>	<u>\$403,651</u>	<u>\$920,275</u>	<u>\$2,127,348</u>

See accompanying notes to the basic financial statements

**City of Campbell, Ohio**  
*Statement of Receipts, Disbursements and Changes*  
*In Fund Balance - Budget and Actual (Budget Basis)*  
*General Fund*  
*For the Year Ended December 31, 2009*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Property Taxes	\$173,205	\$173,205	\$177,324	\$4,119
Income Taxes	1,507,574	1,507,574	1,541,152	33,578
Intergovernmental	204,425	204,425	372,766	168,341
Investment Earnings	21,759	21,759	10,625	(11,134)
Charges for Services	61,880	61,880	129,344	67,464
Fines, Licenses and Permits	466,839	466,839	422,948	(43,891)
Miscellaneous	80,512	80,512	46,758	(33,754)
<i>Total Revenues</i>	2,516,194	2,516,194	2,700,917	184,723
<b>Expenditures</b>				
Current:				
General Government	1,141,887	1,269,817	1,268,357	1,460
Security of Persons and Property:				
Police	1,040,769	1,035,534	964,162	71,372
Fire	316,932	318,632	306,880	11,752
Debt Service:				
Principal Retirement	97,795	97,795	97,795	0
Interest and Fiscal Charges	28,351	28,351	28,351	0
<i>Total Expenditures</i>	2,625,734	2,750,129	2,665,545	84,584
<i>Excess of Revenues Over (Under) Expenditures</i>	(109,540)	(233,935)	35,372	269,307
<b>Other Financing Uses</b>				
Transfers Out	0	0	(12,500)	(12,500)
<i>Net Change in Fund Balance</i>	(109,540)	(233,935)	22,872	256,807
<i>Fund Balance Beginning of Year</i>	470,734	470,734	470,734	0
Prior Year Encumbrances Appropriated	181,368	181,368	181,368	0
<i>Fund Balance End of Year</i>	\$542,562	\$418,167	\$674,974	\$256,807

See accompanying notes to the basic financial statements

**City of Campbell, Ohio**  
*Statement of Receipts, Disbursements and Changes*  
*In Fund Balance - Budget and Actual (Budget Basis)*  
*Park Fund*  
*For the Year Ended December 31, 2009*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Income Taxes	\$165,850	\$165,850	\$171,239	\$5,389
Charges for Services	11,000	11,000	14,260	3,260
Miscellaneous	0	0	250	250
<i>Total Revenues</i>	176,850	176,850	185,749	8,899
<b>Expenditures</b>				
Current:				
Leisure Time Activities	311,371	311,371	189,298	122,073
<i>Excess of Revenues Over Expenditures</i>	(134,521)	(134,521)	(3,549)	130,972
<i>Fund Balance Beginning of Year</i>	386,583	386,583	386,583	0
Prior Year Encumbrances Appropriated	20,617	20,617	20,617	0
<i>Fund Balance End of Year</i>	<u>\$272,679</u>	<u>\$272,679</u>	<u>\$403,651</u>	<u>\$130,972</u>

See accompanying notes to the basic financial statements

**City of Campbell, Ohio**  
*Statement of Fund Net Assets - Modified Cash Basis*  
*Enterprise Funds*  
*December 31, 2009*

	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
<b>Current Assets</b>			
Equity in Pooled Cash and Cash Equivalents	<u>\$617,928</u>	<u>\$224,389</u>	<u>\$842,317</u>
<b>Net Assets</b>			
Unrestricted	<u>\$617,928</u>	<u>\$224,389</u>	<u>\$842,317</u>

See accompanying notes to the basic financial statements



**City of Campbell, Ohio**  
*Statement of Cash Receipts,  
Disbursements and Changes in Fund Net Assets - Modified Cash Basis  
Enterprise Funds  
For the Year Ended December 31, 2009*

	Water	Sewer	Total
<b>Operating Receipts</b>			
Charges for Services	\$1,712,769	\$147,993	\$1,860,762
Miscellaneous	24,477	0	24,477
<i>Total Operating Receipts</i>	<u>1,737,246</u>	<u>147,993</u>	<u>1,885,239</u>
<b>Operating Disbursements</b>			
Personal Services	440,818	0	440,818
Fringe Benefits	243,775	0	243,775
Contractual Services	515,437	51,275	566,712
Materials and Supplies	164,312	0	164,312
Capital Outlay	9,068	0	9,068
Miscellaneous	15,857	0	15,857
<i>Total Operating Disbursements</i>	<u>1,389,267</u>	<u>51,275</u>	<u>1,440,542</u>
<i>Operating Income</i>	<u>347,979</u>	<u>96,718</u>	<u>444,697</u>
<b>Non-Operating Receipts (Disbursements)</b>			
Investment Earnings	4,274	0	4,274
Redemption of Principal	(161,688)	0	(161,688)
Interest and Fiscal Charges	(103,365)	0	(103,365)
<i>Total Non-Operating Disbursements</i>	<u>(260,779)</u>	<u>0</u>	<u>(260,779)</u>
<i>Change in Net Assets</i>	87,200	96,718	183,918
<i>Net Assets Beginning of Year</i>	<u>530,728</u>	<u>127,671</u>	<u>658,399</u>
<i>Net Assets End of Year</i>	<u>\$617,928</u>	<u>\$224,389</u>	<u>\$842,317</u>

See accompanying notes to the basic financial statements

**City of Campbell, Ohio**  
*Statement of Fiduciary Assets and Liabilities - Modified Cash Basis*  
*Agency Funds*  
*December 31, 2009*

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<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	\$370,570
Cash and Cash Equivalents in Segregated Accounts	<u>67,763</u>
<i>Total Assets</i>	<u><u>\$438,333</u></u>
 <b>Liabilities</b>	
Due to Others	\$116,669
Due to Other Governments	<u>321,664</u>
<i>Total Liabilities</i>	<u><u>\$438,333</u></u>

See accompanying notes to the basic financial statements

**City of Campbell, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2009*

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**Note 1 - Reporting Entity**

The City of Campbell is a charter municipal corporation formed under the laws of the State of Ohio. The City operates under its own Charter made effective November 3, 1970. The Charter, as amended, provides for a Council-Mayor form of government.

The Mayor, elected by the voters for a two-year term, is the head of the municipal government for ceremonial, administrative, and executive purposes and presides at Council meetings. He also appoints all department heads and executes all contracts, conveyances and evidences of indebtedness of the City.

Legislative authority is vested in a five member council with the President of Council being elected at large and four members elected to specific wards and serves a term of two years. Council enacts ordinances and resolutions relating to tax levies, appropriates and borrows money and accepts bids for materials and services and other municipal purposes.

On June 10, 2004, the Auditor of State's office declared the City of Campbell to be in a state of fiscal emergency in accordance with Section 118.03, Ohio Revised Code. The declaration resulted in the establishment of a Financial Planning and Supervision Commission. The Commission is comprised of the Mayor of the City, Council President, three financial consultants appointed by the Governor from various corporations and/or organizations who reside or work within the City and two representatives from the State of Ohio. This Commission approved a financial recovery plan which had been adopted by the City and the plan must be updated annually. Once the plan has been adopted, the City's discretion is limited in that all financial activity of the City must be conducted in accordance with the plan.

A reporting entity is comprised of the primary government, component units and other organizations that are included to ensure that the financial statements are not misleading. The primary government of the City consists of all funds, agencies, departments and offices that are not legally separate from the City. For the City of Campbell this includes the departments and agencies that provide the following services: police and fire protection, emergency medical, parks, recreation, street maintenance and municipal court.

Component units are legally separate organizations for which the City is financially accountable. The City is financially accountable for an organization if the City appoints a voting majority of the organization's governing board and (1) the City is able to significantly influence the programs or services performed or provided by the organization; or (2) the City is legally entitled to or can otherwise access the organization's resources; the City is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to the organization; or the City is obligated for the debt of the organization. Component units may also include organizations for which the City approves the budget, the issuance of debt or the levying of taxes. The City has no component units.

**Note 2 - Summary of Significant Accounting Policies**

As discussed further in Note 2, these financial statements are presented on a modified cash basis of accounting. This modified cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the modified cash basis of accounting. In the government-wide financial statements and the fund financial statements for the proprietary funds, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied, to the extent they are applicable to the modified cash basis of accounting, unless those

**City of Campbell, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2009*

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pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails. The City does not apply FASB statements issued after November 30, 1989, to its business-type activities and to its enterprise funds. Following are the more significant of the City's accounting policies.

***Basis of Presentation***

The City's basic financial statements consist of a government-wide statement of net assets and a statement of activities and fund financial statements providing a more detailed level of financial information.

***Government-wide Financial Statements*** The statement of net assets and the statement of activities display information about the City as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements distinguish between those activities of the City that are governmental and those that are considered business-type.

The government-wide statement of net assets presents the cash balance of the governmental and business-type activities of the City at year end. The government-wide statement of activities compares disbursements with program receipts for each function or program of the City's governmental activities and for the business-type activities of the City. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the government is responsible. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each business segment or governmental function is self-financing on a modified cash basis or draws from the City's general receipts.

***Fund Financial Statements*** During the year, the City segregates transactions related to certain City functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the City at this more detailed level. The focus of governmental and enterprise fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds are reported by type.

Proprietary fund statements distinguish operating transactions from nonoperating transactions. Operating receipts generally result from exchange transactions such as charges for services directly relating to the funds' principal services. Operating disbursements include costs of sales and services and administrative costs. The fund statements report all other receipts and disbursements as nonoperating.

***Fund Accounting***

The City uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self balancing set of accounts. There are three categories of funds: governmental, proprietary and fiduciary.

***Governmental Funds*** Governmental funds are those through which most governmental functions of the City are financed. The following are the City's major governmental funds:

**City of Campbell, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2009*

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**General Fund** The general fund accounts for all financial resources except those required to be accounted for in another fund. The general fund balance is available to the City for any purpose provided it is expended or transferred according to the general laws of Ohio.

**Park Fund** The park fund accounts for income tax proceeds and user charges received from the citizens of the City. Expenditures are restricted to projects within in the park.

The other governmental funds of the City account for grants and other resources whose use is restricted to a particular purpose.

**Proprietary Funds** The City classifies funds financed primarily from user charges for goods or services as proprietary. Proprietary funds are classified as either enterprise or internal service. The City has no internal service funds. The following are descriptions of the City's enterprise funds.

**Water Fund** The water fund accounts for revenues generated from the charges for distribution of water service to the residential and commercial users located within the City.

**Sewer Fund** The sewer fund accounts for sewer services to the residential and commercial users located within the City. The costs of providing these services are financed primarily through user charges.

**Fiduciary Funds** Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and agency funds. Trust funds are used to account for assets held by the City under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the City's own programs. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The City only utilizes the agency fund type. The agency funds accounts for the sewer amounts collected and paid to Mahoning County and amounts collected by the municipal court that are paid to other governments.

***Basis of Accounting***

The City's financial statements are prepared using the modified cash basis of accounting. Except for modifications having substantial support, receipts are recorded in the City's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred. Any such modifications made by the City are described in the appropriate section in the note.

As a result of the use of this modified cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements.

***Cash and Cash Equivalents***

To improve cash management, cash received by the City is pooled and invested. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through City records. Interest in the pool is presented as "equity in pooled cash and cash equivalents".

**City of Campbell, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2009*

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Investment procedures are restricted by the provisions of the Ohio Revised Code. Interest revenue credited to the general fund during 2009 amounted to \$10,625, \$5,639 of which was assigned from other City funds.

The City values investments and cash equivalents at cost. For presentation on the financial statements, the City classifies investments of the cash management pool as cash equivalents.

The City has segregated bank accounts for monies held separate from the City's central bank account. These depository accounts are presented on the balance sheet as "cash and cash equivalents in segregated accounts."

***Inventory and Prepaid Items***

On the cash-basis of accounting, inventories of supplies and food service items are reported as disbursements when purchased. These items are not reflected as assets in the accompanying financial statements.

***Capital Assets***

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets in the accompanying financial statements.

***Accumulated Leave***

In certain circumstances, such as upon leaving employment or retirement, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the City's modified cash basis of accounting.

***Long-term Obligations***

The City's modified cash basis financial statements do not report liabilities for bonds and other long-term obligations. These statements report proceeds of debt when cash is received and debt service disbursements for debt principal and interest payments are reported when paid.

***Fund Balance Reserves***

The City reserves any portion of fund balances legally segregated for a specific future use or which are not available for appropriation or disbursement. Unreserved fund balance indicates that portion of fund balance which is available for appropriation in future periods. Fund balance reserves have been established for encumbrances.

***Net Assets***

Net assets are reported as restricted when there are limitations imposed on their use either through constitutional provisions, enabling legislation (adopted by the City) or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Net assets restricted for other purposes include parks and recreation, law library and court computerization.

The City first applies restricted resources when incurring a disbursement for which it may use either restricted or unrestricted resources.

**City of Campbell, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2009*

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***Interfund Activity***

The statements report exchange transactions between funds as receipts in the seller funds and as disbursements in the purchasing funds. Nonexchange flows of cash from one fund to another are reported as interfund transfers. Governmental funds report interfund transfers as other financing sources/uses; proprietary funds report transfers after nonoperating receipts and disbursements. The statements do not report repayments from funds responsible for particular disbursements to the funds initially paying the costs.

***Budgetary Process***

All funds, except agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources and the appropriations ordinance, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount the City Council may appropriate. The appropriations ordinance is the City Council's authorization to spend resources and sets annual limits on expenditures plus encumbrances at the level of control selected by the City Council. The legal level of control has been established by the City Council at the object level for all funds. Any budgetary modifications at this level may only be made by ordinance of the City Council.

The certificate of estimated resources may be amended during the year if the City Finance Director projects increases or decreases in receipts. The amounts reported as the original budget in the budgetary statements reflect the amounts in the certificate of estimated resources when the City Council adopted the original appropriations. The amounts reported as the final budget in the budgetary statements reflect the amounts in the amended certificate of estimated resources in effect at the time the final appropriations ordinance were passed by City Council.

The City Council may amend appropriations throughout the year with the restriction that appropriations may not exceed estimated resources. The amounts reported as the original budget reflect the first appropriation ordinance for a fund covering the entire year, including amounts automatically carried over from prior years. The amounts reported as the final budget represent the final appropriation ordinance the City Council passed during the year.

**Note 3 – Compliance**

Ohio Administrative Code, section 117-2-03 (B), requires the City to prepare its annual financial report in accordance with generally accepted accounting principles. However, the City prepared its financial statements on a modified cash basis, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The accompanying financial statements omit assets, liabilities, net assets/fund balances, and disclosures that, while material, cannot be determined at this time. The City can be fined and various other administrative remedies may be taken against the City.

The budgetary financial statements reflect amounts that ordinarily would result in noncompliance citations under Revised Code Chapter 5705. Since the City is in fiscal emergency, however, its financial operations are restricted by the provisions of Chapter 118 rather than Chapter 5705. Citations to Chapter 5705 would therefore be presented only for funds which did not contribute to the City being placed in fiscal emergency.

**City of Campbell, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2009*

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**Note 4 –Budgetary Basis of Accounting**

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budget Basis for the general fund are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference between the budgetary basis and the modified cash basis is that outstanding year end encumbrances are treated as expenditures (budgetary basis) rather than as a reservation of fund balance (modified cash basis). The general fund encumbrances outstanding at year end (budgetary basis) amounted to \$128,448.

**Note 5 - Deposits and Investments**

Monies held by the City are classified by State statute into three categories.

Active deposits are public deposits determined to be necessary to meet current demands upon the City treasury. Active monies must be maintained either as cash in the City Treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that Council has identified as not required for use within the current five year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts including passbook accounts.

Interim monies held by the City can be deposited or invested in the following securities:

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to payment of principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in securities listed above;
4. Bonds and other obligations of the State of Ohio or Ohio local governments;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations provided that investments in securities described in the division are made only through eligible institutions; and



**City of Campbell, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2009*

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6. The State Treasurer's investment pool (STAROhio);

The City may also invest monies not required to be used for a period of six months or more in the following:

1. Bonds of the State of Ohio;
2. Bonds of any municipal corporation, village, county, township, or other political subdivision of this State, as to which there is no default of principal, interest, or coupons;
3. Obligations of the City.

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the City, and must be purchased with the expectation that it will be held to maturity.

Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the finance director or qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

### **Deposits**

***Custodial Credit Risk*** Custodial credit risk for deposits is the risk that in the event of bank failure, the City will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year end, \$3,262,852 of the City's bank balance of \$3,566,927 was uninsured and uncollateralized. Although the securities were held by the pledging financial institutions' trust department and all statutory requirements for the investment of money had been followed, noncompliance with Federal requirements could potentially subject the City to a successful claim by the FDIC.

The City has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the City or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred five percent of the deposits being secured.

### **Investments**

Investments are reported at fair value. As of December 31, 2009, the City had an investment in a no load money market mutual fund for \$14,110.

***Interest Rate Risk*** As a means of limiting its exposure to fair value losses caused by rising interest rates, the City's investment policy requires that operating funds be invested primarily in short-term investments maturing within five years from the date of purchase, unless they are matched to a specific obligation or debt of the City, and that the City's investment portfolio be structured so that securities mature to meet cash requirements for ongoing operations and/or long-term debt payments. The stated intent of the policy is to avoid the need to sell securities prior to maturity. State statute limits investments in repurchase agreements to 30 days and the market value of the securities must exceed the principal value of the agreement by at least 2 percent and be marked to market daily.

**City of Campbell, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2009*

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***Credit Risk*** The no load money market mutual fund carries a rating of AAA by Standard & Poor's. The City has no investment policy that addresses credit risk.

***Custodial Credit Risk*** For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The underlying securities of the repurchase agreement are exposed to custodial credit risk in that they are uninsured, unregistered and held by the counterparty. The City has no investment policy dealing with investment custodial risk beyond the requirement in State statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the treasurer or qualified trustee.

## **Note 6 – Receivables**

### ***Property Taxes***

Property taxes include amounts levied against all real, public utility, and tangible personal property located in the City. Property tax revenue received during 2009 for real and public utility property taxes represents collections of the 2008 taxes. Property tax payments received during 2009 for tangible personal property (other than public utility property) is for 2009 taxes.

2009 real property taxes are levied after October 1, 2009, on the assessed value as of January 1, 2009, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2009 real property taxes are collected in and intended to finance 2010.

Real property taxes are payable annually or semi-annually. If paid annually, the payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits later payment dates to be established.

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2009 public utility property taxes which became a lien December 31, 2008, are levied after October 1, 2009, and are collected in 2010 with real property taxes.

Tangible personal property tax revenue received during 2009 (other than public utility property tax) represents the collection of 2009 taxes levied against local and inter-exchange telephone companies. Tangible personal property tax on business inventory, manufacturing machinery and equipment, and furniture and fixtures is no longer levied and collected. Tangible personal property taxes received from telephone companies in 2009 were levied after October 1, 2008, on the value as of December 31, 2008. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20.

The full tax rate for all City operations for the year ended December 31, 2009 was \$6.20 per \$1,000 of assessed value. The assessed values of real and tangible personal property upon which 2009 property tax receipts were based are as follows:

**City of Campbell, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2009*

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Real Property	
Residential/Agricultural	\$70,381,000
Other Real Estate	6,376,710
Public Utility Personal Property	2,311,490
Tangible Personal Property	201,705
Total	<u><u>\$79,270,905</u></u>

The County Treasurer collects property tax on behalf of all taxing districts within the City. The County Auditor periodically remits to the taxing districts their portions of the taxes collected.

***Income Tax***

The City levies and collects an income tax of 2.5 percent on all income earned within the City as well as on income of residents earned outside the City. In the latter case, the City allows a credit of 100 percent of the tax paid to another municipality, not to exceed the amount owed. Employers within the City are required to withhold income tax on employee earnings and remit the tax to the City quarterly. Corporations and other individual taxpayers are also required to pay their estimated tax at least quarterly and file a final return annually. In 2009, the proceeds were allocated ninety percent to the general fund and ten percent to the park special revenue fund.

**Note 7 - Contingencies**

***Grants***

The City receives financial assistance from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or any other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the City at December 31, 2009.

***Litigation***

The City of Campbell is a party to legal proceedings. The City management is of the opinion that ultimate disposition of these claims and legal proceedings will not have a material effect, if any, on the financial condition of the City.

**Note 8 - Risk Management**

The City of Campbell is exposed to various risks of loss to torts; thefts of, damage to and destruction of assets; errors and omissions; injuries to employees and natural disaster. During 2009, the City contracted with Ohio Plan Insurance for various types of insurance coverage as follows:

**City of Campbell, Ohio**  
*Notes to the Basic Financial Statements*  
For the Year Ended December 31, 2009

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Type	Coverage	Deductible
Inland Marine	\$329,135	\$500
Property	19,788,022	1,000
Electronic Data Processing	122,000	500
Crime	137,100	100
Fleet Vehicle		
Physical Damage	50,000	500
Liability	2,000,000	500

Settled claims have not exceeded this coverage in any of the last three years. There has not been significant reduction in coverage from the prior year.

Healthcare is provided through United Healthcare with single coverage of \$398.61 per month, husband and wife coverage of \$869.08 per month, parent and child coverage of \$685.00 per month and full family coverage of \$1,238.30 per month.

Workers' compensation is provided by the State. The City pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

**Note 9 - Defined Benefit Pension Plans**

*Ohio Public Employees Retirement System*

Plan Description – The City participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The Traditional Pension Plan is a cost-sharing, multiple-employer defined benefit pension plan. The Member-Directed Plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the Member-Directed Plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings. The Combined Plan is a cost-sharing, multiple-employer defined benefit pension plan. Under the Combined Plan, OPERS invests employer contributions to provide a formula retirement benefit similar in nature to the Traditional Pension Plan benefit. Member contributions, the investment of which is self-directed by the members, accumulate retirement assets in a manner similar to the Member-Directed Plan.

OPERS provides retirement, disability and survivor benefits and annual cost-of-living adjustments to members of the Traditional Pension and Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report. Interested parties may obtain a copy by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 614-222-5601 or 800-222-7377.

Funding Policy – The Ohio Revised Code provides statutory authority for member and employer contributions. For the year ended December 31, 2009, members in state and local classifications contributed 10.0 percent of covered payroll while public safety and law enforcement members contributed 10.1 percent.

The City's 2009 contribution rate was 14.0 percent, except for those plan members in law enforcement or public safety, for whom the City's contribution was 17.63 percent of covered payroll. For the period

**City of Campbell, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2009*

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January 1 through March 31, a portion of the City's contribution equal to 7.0 percent of covered payroll was allocated to fund the post-employment health care plan; for the period April 1 through December 31, 2009 this amount was decreased to 5.5 percent. Employer contribution rates are actuarially determined. State statute sets a maximum contribution rate for the City of 14.0 percent, except for public safety and law enforcement, where the maximum employer contribution rate is 18.1 percent.

The City's required contributions for pension obligations to the Traditional Pension and Combined Plans for the years ended December 31, 2009, 2008, and 2007 were \$88,783, \$97,431, and \$103,476, respectively; 73.06 percent has been contributed for 2009 and 100 percent for 2008 and 2007. There were no contributions to the member-directed plan for 2009.

***Ohio Police and Fire Pension Fund***

Plan Description – The City contributes to the Ohio Police and Fire Pension Fund (OP&F), a cost-sharing multiple-employer defined benefit pension plan. OP&F provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by the Ohio State Legislature and are codified in Chapter 742 of the Ohio Revised Code. OP&F issues a publicly available financial report that includes financial information and required supplementary information for the plan. That report may be obtained by writing to OP&F, 140 East Town Street, Columbus, Ohio 43215-5164.

Funding Policy – Plan members are required to contribute 10.0 percent of their annual covered salary, while employers are required to contribute 19.5 percent for police officers and 24.0 percent for firefighters. The City's contributions to OP&F for police and firefighters were \$69,311 and \$38,369 for the year ended December 31, 2009, \$81,526 and \$45,725 for the year ended December 31, 2008, and \$86,167 and \$46,020 for the year ended December 31, 2007. 76.28 percent for police and 75.66 percent for firefighters has been contributed for 2009. The full amount has been contributed for 2008 and 2007.

In addition to current contributions, the City pays installments on the accrued liability incurred when the State of Ohio established the statewide pension system for police and fire fighters in 1967. As of December 31, 2009, the unfunded liability of the City was \$548,551 payable in semi-annual payments through the year of 2035. This is an accounting liability of the City which will not vary.

**Note 10 - Postemployment Benefits**

***Ohio Public Employees Retirement System***

Plan Description – Ohio Public Employees Retirement System (OPERS) maintains a cost-sharing multiple-employer defined benefit post-employment health care plan for qualifying members of both the Traditional Pension and the Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including post-employment health care coverage. The plan includes a medical plan, prescription drug program and Medicare Part B premium reimbursement.

In order to qualify for post-employment health care coverage, age-and-service retirees under the Traditional Pension and Combined Plans must have 10 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The Ohio Revised Code permits, but does not require, OPERS to provide health care benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

**City of Campbell, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2009*

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Disclosures for the health care plan are presented separately in the OPERS financial report which may be obtained by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 614-222-5601 or 800-222-7377.

Funding Policy – The post-employment health care plan was established under, and is administrated in accordance with, Internal Revenue Code 401(h). State Statute requires that public employers fund post-employment health care through contributions to OPERS. A portion of each employer’s contribution to OPERS is set aside for the funding of post-retirement health care.

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2009, state and local employers contributed at a rate of 14.0 percent of covered payroll, and public safety and law enforcement employers contributed at 17.63 percent. Each year, the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding of post-employment health care benefits. The amount of employer contributions which were allocated to fund post-employment health care was 7.0 percent from January 1 through March 31, 2009, and 5.5 percent from April 1 through December 31, 2009.

The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the health care benefits provided, by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected. Active members do not make contributions to the post-employment health care plan.

The City’s contributions allocated to fund post-employment health care benefits for the years ended December 31, 2009, 2008, and 2007 were \$37,187, \$61,937, and \$64,091, respectively; 73.06 percent has been contributed for 2009 and 100 percent for 2008 and 2007.

The Health Care Preservation Plan (HCPP) adopted by the OPERS Retirement Board on September 9, 2004, was effective January 1, 2007. Member and employer contribution rates increased on January 1 of each year from 2006 to 2008. Rates for law and public safety employers increased over a six year period beginning on January 1, 2006, with a final rate increase on January 1, 2011. These rate increases allowed additional funds to be allocated to the health care plan.

***Ohio Police and Fire Pension Fund***

Plan Description – The City contributes to the Ohio Police and Fire Pension Fund (OP&F) sponsored health care program, a cost-sharing multiple-employer defined post-employment health care plan administered by OP&F. OP&F provides health care benefits including coverage for medical, prescription drugs, dental, vision, Medicare Part B Premium reimbursement and long-term care to retirees, qualifying benefit recipients and their eligible dependents.

OP&F provides access to post-retirement health care coverage for any person who receives or is eligible to receive a monthly service, disability, or survivor benefit check or is a spouse or eligible dependent child of such person. The health care coverage provided by OP&F meets the definition of an Other Post-Employment Benefit (OPEB) as described in GASB Statement No. 45.

The Ohio Revised Code allows, but does not mandate OP&F to provide OPEB benefits. Authority for the OP&F Board of Trustees to provide health care coverage to eligible participants and to establish and amend benefits is codified in Chapter 742 of the Ohio Revised Code.

**City of Campbell, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2009*

OP&F issues a publicly available financial report that includes financial information and required supplementary information for the plan. That report may be obtained by writing to OP&F, 140 East Town Street, Columbus, Ohio 43215-5164.

Funding Policy – The Ohio Revised Code provides for contribution requirements of the participating employers and of plan members to the OP&F defined benefit pension plan. Participating employers are required to contribute to the pension plan at rates expressed as percentages of the payroll of active pension plan members, currently, 19.5 percent and 24.0 percent of covered payroll for police and fire employers, respectively. The Ohio Revised Code states that the employer contribution may not exceed 19.5 percent of covered payroll for police employer units and 24.0 percent of covered payroll for fire employer units. Active members do not make contributions to the OPEB Plan.

OP&F maintains funds for health care in two separate accounts. One for health care benefits under an IRS Code Section 115 trust and one for Medicare Part B reimbursements administrated as an Internal Revenue Code 401(h) account, both of which are within the defined benefit pension plan, under the authority granted by the Ohio Revised Code to the OP&F Board of Trustees.

The Board of Trustees is authorized to allocate a portion of the total employer contributions made into the pension plan to the Section 115 trust and the Section 401(h) account as the employer contribution for retiree health care benefits. For the year ended December 31, 2009, the employer contribution allocated to the health care plan was 6.75 percent of covered payroll. The amount of employer contributions allocated to the health care plan each year is subject to the Trustees' primary responsibility to ensure that pension benefits are adequately funded and is limited by the provisions of Sections 115 and 401(h).

The OP&F Board of Trustees also is authorized to establish requirements for contributions to the health care plan by retirees and their eligible dependents, or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

The City's contributions to OP&F which were allocated to fund post-employment health care benefits for police and firefighters were \$45,716 and \$18,299 for the year ended December 31, 2009, \$50,064 and \$20,385 for the year ended December 31, 2008, and \$49,475 and \$19,099 for the year ended December 31, 2007. 76.28 percent has been contributed for police and 75.66 percent has been contributed for firefighters for 2009. The full amount has been contributed for 2008 and 2007.

**Note 11 - Long-Term Obligations**

Original issue amounts and interest rates of the City's debt issues were as follows:

Debt Issue	Interest Rate	Original Issue	Year of Maturity
<b>Governmental Activities</b>			
<i>Local Government Fund Notes - 2005</i>	6.23%	\$746,939	2012
<b>Business-Type Activities</b>			
<i>OWDA Loans</i>			
Water Treatment Plant - 2000	5.16 - 5.54%	2,421,405	2024
<i>OPWC Loans</i>			
Liberty Sewer Water Tank - 1999	0.00%	809,670	2021
Water System Improvement - 1994	0.00%	505,300	2011

**City of Campbell, Ohio**  
*Notes to the Basic Financial Statements*  
For the Year Ended December 31, 2009

The changes in long-term obligations during the year were as follows:

	Balance 12/31/08	Additions	Reductions	Balance 12/31/09	Amounts Due in One Year
<b>Governmental Activities</b>					
<i>Local Government Fund Notes</i>	\$423,639	\$0	(\$96,252)	\$327,387	\$102,426
<i>Other</i>					
Police and Fire Pension	560,337	0	(11,786)	548,551	12,292
<b>Total Governmental Activities</b>	<b>\$983,976</b>	<b>\$0</b>	<b>(\$108,038)</b>	<b>\$875,938</b>	<b>\$114,718</b>
<b>Business-Type Activities</b>					
<i>OWDA Loans</i>					
Water Treatment Plant	\$1,870,068	\$0	(\$87,518)	\$1,782,550	\$92,315
<i>OPWC Loans</i>					
Liberty Sewer Water Tank	506,044	0	(40,484)	465,560	40,484
Water System Improvement	84,216	0	(33,686)	50,530	33,687
<b>Total OPWC Loans</b>	<b>590,260</b>	<b>0</b>	<b>(74,170)</b>	<b>516,090</b>	<b>74,171</b>
<b>Total Business-Type Activities</b>	<b>\$2,460,328</b>	<b>\$0</b>	<b>(\$161,688)</b>	<b>\$2,298,640</b>	<b>\$166,486</b>

The local government fund notes and the police and fire pension liability will be paid from the general fund. The OWDA and OPWC loans will be paid with user charges from the water enterprise fund. The OWDA loans received a one-year forgiveness period due to the City's current financial constraints. Payments commenced during 2005. The OPWC loans received a two year forgiveness period due to the economic hardships that the City is facing. Payments commenced during 2006.

The City's overall legal debt margin was \$7,996,058 with an unvoted debt margin of \$4,032,513 at December 31, 2009. Principal and interest requirements to retire long-term obligations outstanding at December 31, 2009 are as follows:

	Local Government Fund Notes		Police and Fire Pension Liability	
	Principal	Interest	Principal	Interest
2010	\$102,426	\$19,076	\$12,292	\$23,184
2011	108,995	12,506	12,820	22,656
2012	115,966	5,535	13,370	22,106
2013	0	0	13,945	21,531
2014	0	0	14,544	20,932
2015 - 2019	0	0	82,643	94,738
2020 - 2024	0	0	101,983	75,398
2025 -2029	0	0	125,848	51,532
2030 -2034	0	0	155,298	22,082
2035	0	0	15,808	336
<b>Total</b>	<b>\$327,387</b>	<b>\$37,117</b>	<b>\$548,551</b>	<b>\$354,495</b>



**City of Campbell, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2009*

	<b>Business-Type Activities</b>		
	OWDA Loan		OPWC Loans
	Principal	Interest	Principal
2010	\$92,315	\$98,170	\$74,171
2011	97,375	93,109	57,327
2012	102,712	87,771	40,484
2013	108,343	82,141	40,484
2014	114,283	76,201	40,484
2015 - 2019	548,842	293,565	202,420
2020 - 2024	718,680	123,731	60,720
	0	0	0
Total	\$1,782,550	\$854,688	\$516,090

**Note 12 – Interfund Transfers**

During 2009, the general fund transferred \$12,500 to the area on aging special revenue fund to eliminate a deficit cash balance.

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**City of Campbell, Ohio**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2008*  
*Unaudited*

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The discussion and analysis of the City of Campbell's financial performance provides an overall review of the City's financial activities for the fiscal year ended December 31, 2008. The intent of this discussion and analysis is to look at the City's financial performance as a whole. Readers are encouraged to consider the information presented here in conjunction with the additional information contained in the financial statements and notes to enhance their understanding of the City's financial performance.

***Financial Highlights***

The City faced numerous challenges during 2008. The major challenges were to reduce expenditures in the general fund, street fund and water operating fund as well as maintain a balanced budget in all other funds.

- The City of Campbell utilized the services of the Regional Income Tax Agency (R.I.T.A.) during 2008. R.I.T.A. administers and collects the City's income taxes as of January 1, 2005. As a result, income tax collections for the City's general fund are remaining consistent with the prior year; due in part to accelerated collections of delinquencies, collecting from prior non-filers, and enforcing payment of quarterly estimated taxes by individuals.
- Major Grants: The major grants received by the City are CDBG, CHIP and Small Cities Formula Allocation Grants.

***Using the Basic Financial Statements.***

This annual report is presented in a format consistent with the presentation requirements of Governmental Accounting Standards Board Statement No. 34, as applicable to the City's modified cash basis of accounting.

***Report Components***

The statement of net assets and the statement of activities provide information about the cash activities of the City as a whole.

Fund financial statements provide a greater level of detail. Funds are created and maintained on the financial records of the City as a way to segregate money whose use is restricted to a particular specified purpose. These statements present financial information by fund, presenting funds with the largest balances or most activity in separate columns.

The notes to the financial statements are an integral part of the government-wide and fund financial statements and provide expanded explanation and detail regarding the information reported in the statements.

**City of Campbell, Ohio**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2008*  
*Unaudited*

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*Basis of Accounting*

The basis of accounting is a set of guidelines that determine when financial events are recorded. The City has elected to present its financial statements on a modified cash basis of accounting. This basis of accounting is a basis of accounting other than generally accepted accounting principles. Under the City's modified cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.

As a result of using the modified cash basis of accounting, certain assets and their related revenues (such as accounts receivable) and certain liabilities and related expenses (such as accounts payable) are not recorded in the financial statements. Therefore, when reviewing the financial information and discussion within the report, the reader must keep in mind the limitations resulting from the use of the modified cash basis of accounting.

***Reporting the City of Campbell as a Whole***

*Statement of Net Assets and the Statement of Activities*

The statement of net assets and the statement of activities reflect how the City did financially during 2008, within the limitations of modified cash basis accounting. The statement of net assets presents the cash balances and investments of the governmental and business-type activities of the City at year end. The statement of activities compares cash disbursements with program receipts for each governmental program and business-type activity. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function or business-type activity draws from the City's general receipts.

These statements report the City's cash position and the changes in cash position. Keeping in mind the limitations of the modified cash basis of accounting, you can think of these changes as one way to measure the City's financial health. Over time, increases or decreases in the City's cash position is one indicator of whether the City's financial health is improving or deteriorating. When evaluating the City's financial condition, you should also consider other non-financial factors as well such as the City's property tax base, the condition of the City's capital assets and infrastructure, the extent of the City's debt obligations, the reliance on non-local financial resources for operations and the need for continued growth in the major local revenue sources such as property and income taxes.

In the statement of net assets and the statement of activities, we divide the City into two types of activities:

*Governmental activities* - Most of the City's programs and services are reported here, including general government, security of persons and property, leisure time activities, community environment and transportation. Governmental fund information helps determine whether there are more or less financial resources that can be spent to finance the City's programs. The programs reported in the governmental funds are closely related to those reported in the governmental activities section of the entity-wide statements.

*Business-type activities* - When the City charges customers for the services it provides, these services are generally reported in proprietary funds. When the services are provided to the general public, the activity is reported as an enterprise fund. The City has two enterprise funds, the water and sewer funds.

**City of Campbell, Ohio**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2008*  
*Unaudited*

**Reporting the City's Most Significant Funds of the City of Campbell**

*Fund Financial Statements*

The analysis of the City's major funds begins on page 52. The fund financial reports give a detailed report of the activities within the funds. The City currently has thirty-five funds. These funds are in existence to provide a multitude of services to the citizens of Campbell. Each fund is in some ways an entity unto itself. Each fund has a designed revenue stream and restricted uses for the monies within the fund.

**Governmental funds** All of the City's major activities (excluding the water and sewer fund) are reported in the governmental funds. This report shows how monies flow into and out of these funds and also shows what balances are available for future expenditures. The accounting method used to report this activity is the cash method. This method reports cash and like-cash items that can be converted to cash. This shows what level of financial resources is available or will be available to provide the services that the general government provides in the near future. These services include police and fire protection, as well as improving and maintaining the City's streets, parks, and city hall.

**Proprietary Funds** Proprietary funds use the same basis of accounting as business-type activities; therefore, these statements will essentially match.

**Fiduciary Funds** Fiduciary funds are used to account for resources held for the benefit of parties outside the City. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs.

**The City as a Whole**

Table 1 provides a summary of the City's net assets for 2008 compared to 2007 on a modified cash basis:

**Table 1**  
*Net Assets*

	Governmental Activities		Business-Type Activities		Total	
	2008	2007	2008	2007	2008	2007
<b>Assets</b>						
Equity in Pooled Cash and Cash Equivalents	\$1,768,397	\$1,604,495	\$658,399	\$376,302	\$2,426,796	\$1,980,797
Investments	14,138	13,935	0	0	14,138	13,935
<b>Total Assets</b>	<b>\$1,782,535</b>	<b>\$1,618,430</b>	<b>\$658,399</b>	<b>\$376,302</b>	<b>\$2,440,934</b>	<b>\$1,994,732</b>
<b>Net Assets</b>						
Restricted for:						
Capital Projects	\$38,672	\$145,526	\$0	\$0	\$38,672	\$145,526
Other Purposes	1,091,761	997,510	0	0	1,091,761	997,510
Unrestricted	652,102	475,394	658,399	376,302	1,310,501	851,696
<b>Total Net Assets</b>	<b>\$1,782,535</b>	<b>\$1,618,430</b>	<b>\$658,399</b>	<b>\$376,302</b>	<b>\$2,440,934</b>	<b>\$1,994,732</b>

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Net assets of governmental activities increased during 2008. The primary reasons contributing to the increases in cash balances are an increase in income taxes and estate taxes received, and reductions in hospitalization and other employee benefit costs as a result of staff reductions and retirements.

Table 2 reflects the changes in net assets in 2008 from 2007.

**Table 2**  
*Change in Net Assets*

	Governmental Activities		Business-Type Activities		Total	
	2008	2007	2008	2007	2008	2007
<b>Revenues</b>						
Program Revenues						
Charges for Services and Sales	\$454,154	\$518,790	\$1,922,799	\$1,645,963	\$2,376,953	\$2,164,753
Operating Grants and Contributions	807,822	1,101,347	0	0	807,822	1,101,347
Capital Grants and Contributions	301,733	42,948	0	0	301,733	42,948
<b>Total Program Revenues</b>	<b>1,563,709</b>	<b>1,663,085</b>	<b>1,922,799</b>	<b>1,645,963</b>	<b>3,486,508</b>	<b>3,309,048</b>
General Revenues						
Property Taxes	385,644	413,612	0	0	385,644	413,612
Income Taxes	1,763,231	1,799,528	0	0	1,763,231	1,799,528
Grants and Entitlements	506,831	534,326	0	0	506,831	534,326
Investment Earnings	60,969	75,972	14,104	13,681	75,073	89,653
Miscellaneous	58,885	7,572	15,206	14,405	74,091	21,977
<b>Total General Revenues</b>	<b>2,775,560</b>	<b>2,831,010</b>	<b>29,310</b>	<b>28,086</b>	<b>2,804,870</b>	<b>2,859,096</b>
<b>Total Revenues</b>	<b>4,339,269</b>	<b>4,494,095</b>	<b>1,952,109</b>	<b>1,674,049</b>	<b>6,291,378</b>	<b>6,168,144</b>
<b>Program Expenses</b>						
General Government	1,120,067	962,255	0	0	1,120,067	962,255
Security of Persons and Property:						
Police	1,107,456	1,085,829	0	0	1,107,456	1,085,829
Fire	471,988	434,568	0	0	471,988	434,568
Leisure Time Activities	157,891	161,177	0	0	157,891	161,177
Community Environment	381,156	615,307	0	0	381,156	615,307
Transportation	885,104	494,915	0	0	885,104	494,915
Principal Retirement	101,664	129,602	0	0	101,664	129,602
Interest and Fiscal Charges	55,313	63,162	0	0	55,313	63,162
Water	0	0	1,611,670	1,531,684	1,611,670	1,531,684
Sewer	0	0	58,342	1,498	58,342	1,498
<b>Total Program Expenses</b>	<b>4,280,639</b>	<b>3,946,815</b>	<b>1,670,012</b>	<b>1,533,182</b>	<b>5,950,651</b>	<b>5,479,997</b>
Change in Net Assets	58,630	547,280	282,097	140,867	340,727	688,147
Net Assets Beginning of Year - (Restated)	1,723,905	1,176,625	376,302	235,435	2,100,207	1,412,060
Net Assets End of Year	<b>\$1,782,535</b>	<b>\$1,723,905</b>	<b>\$658,399</b>	<b>\$376,302</b>	<b>\$2,440,934</b>	<b>\$2,100,207</b>

Program revenues represent more than half of total receipts and are primarily comprised of restricted intergovernmental receipts such as motor vehicle license and gas tax money, fine money allocated to and restricted for use by the municipal court and grant money restricted by the State and Federal granting agencies. In addition, over half of program revenue receipts are revenues received in the water fund for water usage.

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In governmental activities, general receipts represent 63.96 percent of the total receipts, and of this amount, over 77.42 percent are taxes. Grants and entitlements not restricted for any purpose make up 18.26 percent of general receipts. Investment earnings and miscellaneous receipts are insignificant and are somewhat unpredictable revenue sources.

Disbursements for general government represent the overhead costs of running the City and the support services provided for the other Governmental activities. These include the costs of council, the mayor, administration, law, finance (income tax, central cash, accounts payable, and payroll), and the Municipal Court.

Security of persons and property are the costs of police and fire protection; public health services are provided under a contract with the Mahoning County District Board of Health; leisure time activities are the costs of maintaining the parks and playing fields; community environment represents expenditures for private residential rehab and other activities through the CHIP program, and other activities which include road paving under the Small Cities Formula Allocation Program, both of which are funded with Federal Community Development Block Grants. Transportation is the cost of maintaining the roads.

A separate five-year, three mills Safety Forces Levy provides approximately \$200,000 net of County Auditor and Treasurer's fees annually, allocated \$100,000 each to offset salaries from the Police and Fire Departments.

Debt service on the debt issued to acquire assets in the governmental-type activities is paid from income tax, real estate and personal property tax, gas tax, interest income, fees, licenses, permits and other various revenue sources.

Outstanding debt due to governmental-type activities was the result of payments on a street paving loan, lease-purchase of a fire truck, and payments on the prior accrued liability for the police and fire pension funds.

In the business-type activities, user fees from a specific monthly charge per account are the primary revenue source for the repayment of debt. A decrease in debt from the business-type activities was the result of making OWDA and OPWC payments during the year.

***Governmental Activities***

If you look at the Statement of Activities on pages 50 and 51, you will see that the first column lists the major services provided by the City. The next column identifies the costs of providing these services. The major program disbursements for governmental activities are general government, security of persons and property, leisure time activities, community environment and transportation. General governmental expenditures account for 26.17 percent of all governmental disbursements. Security of persons and property, leisure time activities, community environment and transportation account for 36.90 percent, 3.69 percent, 8.90 percent and 20.68 percent, respectively, of governmental expenditures. The next three columns of the Statement of Activities entitled Program Cash Receipts identify the amounts paid by people who are directly charged for the service and grants received by the government that must be used to provide a specific service. The Disbursements Receipt column compares the program receipts to the cost of the service. This "net cost" amount represents the cost of the service, which is predominately money provided by local taxpayers. These net costs are paid from the general receipts that presented at the bottom of the Statement of Activities. A comparison between the total cost of services and the net cost of service is presented in Table 3.

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(Table 3)

	Governmental and Business- Type Activities		Governmental and Business- Type Activities	
	Total Cost Of Services	Net Cost of Services	Total Cost Of Services	Net Cost of Services
	2008	2008	2007	2007
General Government	\$1,120,067	\$900,365	\$962,255	\$763,496
Security of Persons and Property				
Police	1,107,456	885,661	1,085,829	850,359
Fire	471,988	369,758	434,568	359,952
Leisure Time Activities	157,891	146,621	161,177	139,442
Community Environment	381,156	49,146	615,307	(4,657)
Transportation	885,104	208,402	496,413	(59,978)
Principal Retirement	101,664	101,664	129,602	129,602
Interest and Fiscal Charges	55,313	55,313	63,162	63,162
<b>Business-Type Activities:</b>				
Water	1,611,670	(169,455)	1,531,684	(70,429)
Sewer	58,342	(83,332)	0	0
<i>Total Expenses</i>	<u>\$5,950,651</u>	<u>\$2,464,143</u>	<u>\$5,479,997</u>	<u>\$2,170,949</u>

The dependence upon property and income tax receipts is apparent as over 41 percent of governmental activities are supported through these receipts.

Funding for governmental activities is derived from several sources, the largest of which is the City's municipal income tax. The income tax rate is 2.50 percent and it generated \$1,763,231 in revenue for 2008, accounting for approximately 40.63 percent of governmental activities revenue. The revenue collected from the income tax was receipted into the following funds: 90 percent went to the general fund and 10 percent to the Parks operating fund. Unrestricted state shared revenues (local government funds) received through the County for 2008 were \$506,831 and represent about 12 percent of governmental activities revenue.

The City of Campbell continues to suffer continued erosion of the tax base due to additional loss of jobs, a decline in the number of taxpayers, an aging population, retirement of residents with high paying jobs working in other communities and relocation of younger citizens to other area communities and outside of the local area due to the lack of jobs.

Other factors affecting revenues and expenditures in the governmental activities include, but are not limited to the following:

- A decrease in income taxes of approximately \$36,297, due to a greater portion of the population being retired and subject to lower tax rates from 2007 to 2008.
- A decrease in Local Government Funding received directly from the State and County from 2007 to 2008 of \$27,495 or 5.15 percent.

The City's Street Department (transportation) accounted for 20.68 percent of the expenses in the governmental activities or about \$885,104.



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***Business-Type Activities***

The water operation of the City is relatively small and routinely reports receipts and cash disbursements that relatively equal. The infrastructure is beginning to age and the City has begun discussing the need for major repairs and how to fund those repairs. We have also received notification from the Ohio EPA that improvements may be necessary to satisfy new water quality standards.

***The City's Funds***

Information about the City's governmental funds begins on page 52. All governmental funds had revenues of \$4,339,269 and expenditures of \$4,280,639. The funds are monitored monthly with adjustments made periodically during the year in budgets to accommodate yearly revenues.

The general fund had receipts of \$2,759,817 and cash disbursements of \$2,509,075 and encumbrances of \$181,368. The increase in fund balance was attributable to the results of an overall reduction in expenditures. The City was still constrained on further reductions due to minimum manning clauses and other restrictions upon management to reduce expenditures contained in various labor agreements.

Information about the proprietary funds starts on page 56. All business-type funds had operating revenues which exceeded operating expenses. The excess in revenues over expenditures was due in large part to an increase in receipt of unpaid bills and an increase in water rates. This excess is offset by the principal and interest payments on the water plant outstanding debt which causes an actual increase in net assets.

The City continually reviews revenues and expenditures of these funds and the necessary adjustments are made to ensure strength in our enterprise funds.

***General Fund Budgeting Highlights***

The City's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the general fund.

During 2008, the City amended its general fund budget to reflect changing circumstances. Final budgeted expenditures were \$2,834,188. Actual expenditures were \$2,690,443, or \$143,745 less than anticipated expenditures primarily due to controlling general government costs.

***Capital Assets and Debt Administration***

***Capital Assets***

The City does not currently keep track of its capital assets and infrastructure. The City does not have the assets to upgrade the accounting software and computer equipment to accomplish this task. It is not known when the City will have the means to upgrade its computer hardware and software to accomplish the task. Also reductions in staff may additionally delay implementation.

**City of Campbell, Ohio**  
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*Long-term Obligations*

(Table 4)  
 Outstanding Long-term Obligations at Year End

	Governmental Activities		Business-Type Activities		Total	
	2008	2007	2008	2007	2008	2007
Local Governmental Fund Notes	\$423,639	\$514,003	\$0	\$0	\$423,639	\$514,003
OWDA Loans	0	0	1,870,068	1,953,038	1,870,068	1,953,038
OPWC Loan	0	0	590,260	664,431	590,260	664,431
Police and Fire Pension	560,337	571,637	0	0	560,337	571,637
<b>Total</b>	<b>\$983,976</b>	<b>\$1,085,640</b>	<b>\$2,460,328</b>	<b>\$2,617,469</b>	<b>\$3,444,304</b>	<b>\$3,703,109</b>

The local government fund notes were issued to pay long overdue accounts payable as well as outstanding unpaid Police and Fire and Ohio Public Employees pension payments. For the business-type funds, the debt was issued for the water system improvements and a water storage tank replacement.

Police and Fire Pension accrued liability payments are funded by two separate allocations of .3 mills inside millage, which generates approximately \$42,000 annually.

**Current Financial Related Activities**

The City is continuing to pursue economic development. Construction of a new bridge across railroad tracks and the Mahoning River provide access to land located in former steel mill property was completed in fall of 2005.

The City is encouraging development of the land located in former steel mill property once the property has been environmentally cleared. A grant has been obtained for Brownfield restoration and environmental studies.

The challenge for the City is to provide quality services to the public while staying within the restrictions imposed by limited, and in some cases shrinking, funding. The City relies heavily on local taxes and has very little industry to support the tax base. Faced with declining revenues, increased costs for goods and services, primarily energy costs, the City is attempting to hold down on expenditures wherever possible, and keep personnel costs in check.

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**Contacting the City's Finance Department**

This report is designed to provide the reader with a broad overview of the City's financial position, as well as a general understanding of the financial operations of the City. If you have any questions about this report or need any additional financial information, please contact Sherman Miles, Director of Finance, 351 Tenney Avenue, Campbell, Ohio 44405, telephone 330-755-9863.

## Basic Financial Statements

**City of Campbell, Ohio**  
*Statement of Net Assets - Modified Cash Basis*  
*December 31, 2008*

	Governmental Activities	Business-Type Activities	Total
<b>Assets</b>			
Equity in Pooled Cash and Cash Equivalents	\$1,768,397	\$658,399	\$2,426,796
Investments	14,138	0	14,138
<i>Total Assets</i>	<u>\$1,782,535</u>	<u>\$658,399</u>	<u>\$2,440,934</u>
<b>Net Assets</b>			
Restricted for:			
Capital Projects	\$38,672	\$0	\$38,672
Other Purposes	1,091,761	0	1,091,761
Unrestricted	652,102	658,399	1,310,501
<i>Total Net Assets</i>	<u>\$1,782,535</u>	<u>\$658,399</u>	<u>\$2,440,934</u>

See accompanying notes to the basic financial statements

**City of Campbell, Ohio**  
*Statement of Activities - Modified Cash Basis*  
*For the Year Ended December 31, 2008*

	Program Cash Receipts			
	Cash Disbursements	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Governmental Activities</b>				
General Government	\$1,120,067	\$219,702	\$0	\$0
Security of Persons and Property:				
Police	1,107,456	176,953	44,842	0
Fire	471,988	46,229	4,787	51,214
Leisure Time Activities	157,891	11,270	0	0
Community Environment	381,156	0	332,010	0
Transportation	885,104	0	426,183	250,519
Principal Retirement	101,664	0	0	0
Interest and Fiscal Charges	55,313	0	0	0
<i>Total Governmental Activities</i>	<u>4,280,639</u>	<u>454,154</u>	<u>807,822</u>	<u>301,733</u>
<b>Business-Type Activities</b>				
Water	1,611,670	1,781,125	0	0
Sewer	58,342	141,674	0	0
<i>Total Business-Type Activities</i>	<u>1,670,012</u>	<u>1,922,799</u>	<u>0</u>	<u>0</u>
<i>Total</i>	<u>\$5,950,651</u>	<u>\$2,376,953</u>	<u>\$807,822</u>	<u>\$301,733</u>

**General Receipts**

Property Taxes Levied for:

    General Purposes

    Safety Forces

Income Taxes Levied for:

    General Purposes

    Parks

Grants and Entitlements not Restricted to Specific Programs

Investment Earnings

Miscellaneous

*Total General Receipts*

*Change in Net Assets*

*Net Assets Beginning of Year (Restated - See Note 3)*

*Net Assets End of Year*

See accompanying notes to the basic financial statements

Net (Disbursements) Receipts and Changes in Net Assets		
Governmental Activities	Business-Type Activities	Total
(\$900,365)	\$0	(\$900,365)
(885,661)	0	(885,661)
(369,758)	0	(369,758)
(146,621)	0	(146,621)
(49,146)	0	(49,146)
(208,402)	0	(208,402)
(101,664)	0	(101,664)
(55,313)	0	(55,313)
(2,716,930)	0	(2,716,930)
0	169,455	169,455
0	83,332	83,332
0	252,787	252,787
(2,716,930)	252,787	(2,464,143)
176,505	0	176,505
209,139	0	209,139
1,586,908	0	1,586,908
176,323	0	176,323
506,831	0	506,831
60,969	14,104	75,073
58,885	15,206	74,091
2,775,560	29,310	2,804,870
58,630	282,097	340,727
1,723,905	376,302	2,100,207
<u>\$1,782,535</u>	<u>\$658,399</u>	<u>\$2,440,934</u>

**City of Campbell, Ohio**  
*Statement of Modified Cash Basis Assets and Fund Balances*  
*Governmental Funds*  
*December 31, 2008*

	General	Park	State Issue II	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>					
Equity in Pooled Cash and Cash Equivalents	\$637,964	\$407,200	\$3	\$723,230	\$1,768,397
Investments	14,138	0	0	0	14,138
<i>Total Assets</i>	<u>\$652,102</u>	<u>\$407,200</u>	<u>\$3</u>	<u>\$723,230</u>	<u>\$1,782,535</u>
<b>Fund Balances</b>					
Reserved for Encumbrances	\$181,368	\$20,617	\$0	\$99,795	\$301,780
Unreserved, Undesignated, Reported in:					
General Fund	470,734	0	0	0	470,734
Special Revenue Funds	0	386,583	0	584,766	971,349
Capital Projects Funds	0	0	3	38,669	38,672
<i>Total Fund Balances</i>	<u>\$652,102</u>	<u>\$407,200</u>	<u>\$3</u>	<u>\$723,230</u>	<u>\$1,782,535</u>

See accompanying notes to the basic financial statements



**City of Campbell, Ohio**  
*Statement of Cash Receipts, Disbursements and Changes in Modified Cash Basis Fund Balances*  
*Governmental Funds*  
*For the Year Ended December 31, 2008*

	General	Park	State Issue II	Other Governmental Funds	Total Governmental Funds
<b>Receipts</b>					
Property Taxes	\$176,505	\$0	\$0	\$209,139	\$385,644
Income Taxes	1,586,908	176,323	0	0	1,763,231
Intergovernmental	506,831	0	250,519	852,640	1,609,990
Investment Earnings	49,572	0	0	11,397	60,969
Charges for Services	98,180	11,270	0	0	109,450
Fines, Licenses and Permits	283,336	0	0	61,368	344,704
Contributions and Donations	0	0	0	6,396	6,396
Miscellaneous	58,485	37	0	363	58,885
<i>Total Receipts</i>	<u>2,759,817</u>	<u>187,630</u>	<u>250,519</u>	<u>1,141,303</u>	<u>4,339,269</u>
<b>Disbursements</b>					
Current:					
General Government	1,086,888	0	0	33,179	1,120,067
Security of Persons and Property:					
Police	978,781	0	0	128,675	1,107,456
Fire	300,095	0	0	171,893	471,988
Leisure Time Activities	0	157,891	0	0	157,891
Community Environment	0	0	0	381,156	381,156
Transportation	0	0	433,219	451,885	885,104
Debt Service:					
Principal Retirement	97,311	0	0	4,353	101,664
Interest and Fiscal Charges	46,000	0	0	9,313	55,313
<i>Total Disbursements</i>	<u>2,509,075</u>	<u>157,891</u>	<u>433,219</u>	<u>1,180,454</u>	<u>4,280,639</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>250,742</u>	<u>29,739</u>	<u>(182,700)</u>	<u>(39,151)</u>	<u>58,630</u>
<b>Other Financing Sources (Uses)</b>					
Transfer In	0	0	100,000	12,500	112,500
Transfer Out	(112,500)	0	0	0	(112,500)
<i>Total Other Financing Sources (Uses)</i>	<u>(112,500)</u>	<u>0</u>	<u>100,000</u>	<u>12,500</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	138,242	29,739	(82,700)	(26,651)	58,630
<i>Fund Balances Beginning of Year (Restated - See Note 3)</i>	<u>513,860</u>	<u>377,461</u>	<u>82,703</u>	<u>749,881</u>	<u>1,723,905</u>
<i>Fund Balances End of Year</i>	<u>\$652,102</u>	<u>\$407,200</u>	<u>\$3</u>	<u>\$723,230</u>	<u>\$1,782,535</u>

See accompanying notes to the basic financial statements

**City of Campbell, Ohio**  
*Statement of Receipts, Disbursements and Changes*  
*In Fund Balance - Budget and Actual (Budget Basis)*  
*General Fund*  
*For the Year Ended December 31, 2008*

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget Positive (Negative)
<b>Revenues</b>				
Property Taxes	\$210,600	\$172,293	\$176,505	\$4,212
Income Taxes	1,548,200	1,566,000	1,586,908	20,908
Intergovernmental	262,250	369,461	506,831	137,370
Investment Earnings	24,000	24,000	49,572	25,572
Charges for Services	12,000	166,000	98,180	(67,820)
Fines, Licenses and Permits	390,900	210,380	283,336	72,956
Miscellaneous	30,000	43,882	58,485	14,603
<i>Total Revenues</i>	<u>2,477,950</u>	<u>2,552,016</u>	<u>2,759,817</u>	<u>207,801</u>
<b>Expenditures</b>				
Current:				
General Government	1,096,440	1,342,835	1,268,256	74,579
Security of Persons and Property:				
Police	1,061,966	1,037,622	978,781	58,841
Fire	323,453	310,420	300,095	10,325
Debt Service:				
Principal Retirement	97,311	97,311	97,311	0
Interest and Fiscal Charges	46,000	46,000	46,000	0
<i>Total Expenditures</i>	<u>2,625,170</u>	<u>2,834,188</u>	<u>2,690,443</u>	<u>143,745</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	(147,220)	(282,172)	69,374	351,546
<b>Other Financing Uses</b>				
Transfers Out	0	0	(112,500)	(112,500)
<i>Net Change in Fund Balance</i>	(147,220)	(282,172)	(43,126)	239,046
<i>Fund Balance Beginning of Year</i>	365,764	365,764	365,764	0
Prior Year Encumbrances Appropriated	148,096	148,096	148,096	0
<i>Fund Balance End of Year</i>	<u>\$366,640</u>	<u>\$231,688</u>	<u>\$470,734</u>	<u>\$239,046</u>

See accompanying notes to the basic financial statements

**City of Campbell, Ohio**  
*Statement of Receipts, Disbursements and Changes*  
*In Fund Balance - Budget and Actual (Budget Basis)*  
*Park Fund*  
*For the Year Ended December 31, 2008*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Revenues</b>				
Income Taxes	\$170,000	\$0	\$176,323	\$176,323
Charges for Services	11,063	11,750	11,270	(480)
Miscellaneous	37	37	37	0
<i>Total Revenues</i>	181,100	11,787	187,630	175,843
<b>Expenditures</b>				
Current:				
Leisure Time Activities	365,371	289,483	178,508	110,975
<i>Net Change in Fund Balance</i>	(184,271)	(277,696)	9,122	286,818
<i>Fund Balance Beginning of Year</i>	373,232	373,232	373,232	0
Prior Year Encumbrances Appropriated	4,229	4,229	4,229	0
<i>Fund Balance End of Year</i>	<u>\$193,190</u>	<u>\$99,765</u>	<u>\$386,583</u>	<u>\$286,818</u>

See accompanying notes to the basic financial statements

**City of Campbell, Ohio**  
*Statement of Fund Net Assets - Modified Cash Basis*  
*Enterprise Funds*  
*December 31, 2008*

	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
<b>Assets</b>			
Equity in Pooled Cash and Cash Equivalents	<u>\$530,728</u>	<u>\$127,671</u>	<u>\$658,399</u>
<b>Net Assets</b>			
Unrestricted	<u>\$530,728</u>	<u>\$127,671</u>	<u>\$658,399</u>

See accompanying notes to the basic financial statements

**City of Campbell, Ohio**  
*Statement of Cash Receipts,  
Disbursements and Changes in Fund Net Assets - Modified Cash Basis  
Enterprise Funds  
For the Year Ended December 31, 2008*

	Water	Sewer	Total
<b>Operating Receipts</b>			
Charges for Services	\$1,781,125	\$141,674	\$1,922,799
Miscellaneous	15,206	0	15,206
<i>Total Operating Receipts</i>	<u>1,796,331</u>	<u>141,674</u>	<u>1,938,005</u>
<b>Operating Disbursements</b>			
Personal Services	429,267	0	429,267
Fringe Benefits	255,124	0	255,124
Contractual Services	445,495	58,342	503,837
Materials and Supplies	162,233	0	162,233
Capital Outlay	48,233	0	48,233
Miscellaneous	6,220	0	6,220
<i>Total Operating Disbursements</i>	<u>1,346,572</u>	<u>58,342</u>	<u>1,404,914</u>
<i>Operating Income</i>	<u>449,759</u>	<u>83,332</u>	<u>533,091</u>
<b>Non-Operating Receipts (Disbursements)</b>			
Investment Earnings	14,104	0	14,104
Redemption of Principal	(157,141)	0	(157,141)
Interest and Fiscal Charges	(107,957)	0	(107,957)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(250,994)</u>	<u>0</u>	<u>(250,994)</u>
<i>Change in Net Assets</i>	198,765	83,332	282,097
<i>Net Assets Beginning of Year (Restated - See Note 3)</i>	<u>331,963</u>	<u>44,339</u>	<u>376,302</u>
<i>Net Assets End of Year</i>	<u><u>\$530,728</u></u>	<u><u>\$127,671</u></u>	<u><u>\$658,399</u></u>

See accompanying notes to the basic financial statements

**City of Campbell, Ohio**  
*Statement of Fiduciary Assets and Liabilities - Modified Cash Basis*  
*Agency Funds*  
*December 31, 2008*

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<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	\$370,773
Cash and Cash Equivalents in Segregated Accounts	<u>88,661</u>
<i>Total Assets</i>	<u><u>\$459,434</u></u>
 <b>Liabilities</b>	
Due to Others	\$117,453
Due to Other Governments	<u>341,981</u>
<i>Total Liabilities</i>	<u><u>\$459,434</u></u>

See accompanying notes to the basic financial statements

**City of Campbell, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2008*

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**Note 1 - Reporting Entity**

The City of Campbell is a charter municipal corporation formed under the laws of the State of Ohio. The City operates under its own Charter made effective November 3, 1970. The Charter, as amended, provides for a Council-Mayor form of government.

The Mayor, elected by the voters for a two-year term, is the head of the municipal government for ceremonial, administrative, and executive purposes and presides at Council meetings. He also appoints all department heads and executes all contracts, conveyances and evidences of indebtedness of the City.

Legislative authority is vested in a five member council with the President of Council being elected at large and four members elected to specific wards and serves a term of two years. Council enacts ordinances and resolutions relating to tax levies, appropriates and borrows money and accepts bids for materials and services and other municipal purposes.

On June 10, 2004, the Auditor of State's office declared the City of Campbell to be in a state of fiscal emergency in accordance with Section 118.03, Ohio Revised Code. The declaration resulted in the establishment of a Financial Planning and Supervision Commission. The Commission is comprised of the Mayor of the City, Council President, three financial consultants appointed by the Governor from various corporations and/or organizations who reside or work within the City and two representatives from the State of Ohio. This Commission approved a financial recovery plan which had been adopted by the City and the plan must be updated annually. Once the plan has been adopted, the City's discretion is limited in that all financial activity of the City must be conducted in accordance with the plan.

A reporting entity is comprised of the primary government, component units and other organizations that are included to ensure that the financial statements are not misleading. The primary government of the City consists of all funds, agencies, departments and offices that are not legally separate from the City. For the City of Campbell this includes the departments and agencies that provide the following services: police and fire protection, emergency medical, parks, recreation, street maintenance and municipal court.

Component units are legally separate organizations for which the City is financially accountable. The City is financially accountable for an organization if the City appoints a voting majority of the organization's governing board and (1) the City is able to significantly influence the programs or services performed or provided by the organization; or (2) the City is legally entitled to or can otherwise access the organization's resources; the City is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to the organization; or the City is obligated for the debt of the organization. Component units may also include organizations for which the City approves the budget, the issuance of debt or the levying of taxes. The City has no component units.

**Note 2 - Summary of Significant Accounting Policies**

As discussed further in Note 2.C, these financial statements are presented on a modified cash basis of accounting. This modified cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the modified cash basis of accounting. In the government-wide financial statements and the fund financial statements for the proprietary funds, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied, to the extent they are applicable to the modified cash basis of accounting, unless those

**City of Campbell, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2008*

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pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails. The City does not apply FASB statements issued after November 30, 1989, to its business-type activities and to its enterprise funds. Following are the more significant of the City's accounting policies.

***Basis of Presentation***

The City's basic financial statements consist of a government-wide statement of net assets and a statement of activities and fund financial statements providing a more detailed level of financial information.

***Government-wide Financial Statements*** The statement of net assets and the statement of activities display information about the City as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements distinguish between those activities of the City that are governmental and those that are considered business-type.

The government-wide statement of net assets presents the cash balance of the governmental and business-type activities of the City at year end. The government-wide statement of activities compares disbursements with program receipts for each function or program of the City's governmental activities and for the business-type activities of the City. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the government is responsible. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each business segment or governmental function is self-financing on a modified cash basis or draws from the City's general receipts.

***Fund Financial Statements*** During the year, the City segregates transactions related to certain City functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the City at this more detailed level. The focus of governmental and enterprise fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds are reported by type.

Proprietary fund statements distinguish operating transactions from nonoperating transactions. Operating receipts generally result from exchange transactions such as charges for services directly relating to the funds' principal services. Operating disbursements include costs of sales and services and administrative costs. The fund statements report all other receipts and disbursements as nonoperating.

***Fund Accounting***

The City uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self balancing set of accounts. There are three categories of funds: governmental, proprietary and fiduciary.

***Governmental Funds*** Governmental funds are those through which most governmental functions of the City are financed. The following are the City's major governmental funds:



**City of Campbell, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2008*

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**General Fund** The general fund accounts for all financial resources except those required to be accounted for in another fund. The general fund balance is available to the City for any purpose provided it is expended or transferred according to the charter of the City of Campbell and/or the general laws of Ohio.

**Park Fund** The park special revenue fund accounts for income tax proceeds and user charges received from the citizens of the City. Expenditures are restricted to projects within in the park.

**State Issue II Fund** The State Issue II capital projects fund accounts for grant and loan monies received from the Ohio Public Works Commission plus matching funds from the City. Expenditures are restricted to specific projects within in the City.

The other governmental funds of the City account for grants and other resources whose use is restricted to a particular purpose.

**Proprietary Funds** The City classifies funds financed primarily from user charges for goods or services as proprietary. Proprietary funds are classified as either enterprise or internal service. The City has no internal service funds. The following are descriptions of the City's enterprise funds.

**Water Fund** The water fund accounts for revenues generated from the charges for distribution of water service to the residential and commercial users located within the City.

**Sewer Fund** The sewer fund accounts for sewer services to the residential and commercial users located within the City. The costs of providing these services are financed primarily through user charges.

**Fiduciary Funds** Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and agency funds. Trust funds are used to account for assets held by the City under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the City's own programs. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The City only utilizes the agency fund type. The agency funds accounts for the sewer amounts collected and paid to Mahoning County and amounts collected by the municipal court that are paid to other governments.

***Basis of Accounting***

The City's financial statements are prepared using the modified cash basis of accounting. Except for modifications having substantial support, receipts are recorded in the City's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred. Any such modifications made by the City are described in the appropriate section in the note.

As a result of the use of this modified cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements.

**City of Campbell, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2008*

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***Cash and Cash Equivalents***

To improve cash management, cash received by the City is pooled and invested. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through City records. Interest in the pool is presented as "equity in pooled cash and cash equivalents".

Investment procedures are restricted by the provisions of the Ohio Revised Code. Interest revenue credited to the general fund during 2008 amounted to \$49,572, \$25,447 of which was assigned from other City funds.

The City values investments and cash equivalents at cost.

The City has segregated bank accounts for monies held separate from the City's central bank account. These depository accounts are presented on the balance sheet as "cash and cash equivalents in segregated accounts."

***Inventory and Prepaid Items***

On the cash-basis of accounting, inventories of supplies are reported as disbursements when purchased. These items are not reflected as assets in the accompanying financial statements.

***Capital Assets***

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets in the accompanying financial statements.

***Accumulated Leave***

In certain circumstances, such as upon leaving employment or retirement, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the City's modified cash basis of accounting.

***Long-term Obligations***

The City's modified cash basis financial statements do not report liabilities for bonds and other long-term obligations. These statements report proceeds of debt when cash is received and debt service disbursements for debt principal and interest payments are reported when paid.

***Fund Balance Reserves***

The City reserves any portion of fund balances legally segregated for a specific future use or which are not available for appropriation or disbursement. Unreserved fund balance indicates that portion of fund balance which is available for appropriation in future periods. Fund balance reserves have been established for encumbrances.

***Net Assets***

Net assets are reported as restricted when there are limitations imposed on their use either through constitutional provisions, enabling legislation (adopted by the City) or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Net assets restricted for other purposes include parks and recreation, law library and court computerization.

**City of Campbell, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2008*

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The City first applies restricted resources when incurring a disbursement for which it may use either restricted or unrestricted resources.

***Interfund Activity***

The statements report exchange transactions between funds as receipts in the seller funds and as disbursements in the purchasing funds. Nonexchange flows of cash from one fund to another are reported as interfund transfers. Governmental funds report interfund transfers as other financing sources/uses; proprietary funds report transfers after nonoperating receipts and disbursements. The statements do not report repayments from funds responsible for particular disbursements to the funds initially paying the costs.

***Budgetary Process***

All funds, except agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources and the appropriations ordinance, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount the City Council may appropriate. The appropriations ordinance is the City Council's authorization to spend resources and sets annual limits on expenditures plus encumbrances at the level of control selected by the City Council. The legal level of control has been established by the City Council at the object level for all funds. Any budgetary modifications at this level may only be made by ordinance of the City Council.

The certificate of estimated resources may be amended during the year if the City Finance Director projects increases or decreases in receipts. The amounts reported as the original budget in the budgetary statements reflect the amounts in the certificate of estimated resources when the City Council adopted the original appropriations. The amounts reported as the final budget in the budgetary statements reflect the amounts in the amended certificate of estimated resources in effect at the time the final appropriations ordinance were passed by City Council.

City Council may amend appropriations throughout the year with the restriction that appropriations may not exceed estimated resources. The amounts reported as the original budget reflect the first appropriation ordinance for a fund covering the entire year, including amounts automatically carried over from prior years. The amounts reported as the final budget represent the final appropriation ordinance the City Council passed during the year.

**Note 3 – Compliance and Restatements**

***Compliance***

Ohio Administrative Code, section 117-2-03 (B), requires the City to prepare its annual financial report in accordance with generally accepted accounting principles. However, the City prepared its financial statements on a modified cash basis, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The accompanying financial statements omit assets, liabilities, net assets/fund balances, and disclosures that, while material, cannot be determined at this time. The City can be fined and various other administrative remedies may be taken against the City.

**City of Campbell, Ohio**  
*Notes to the Basic Financial Statements*  
For the Year Ended December 31, 2008

The budgetary financial statements reflect amounts that ordinarily would result in noncompliance citations under Revised Code Chapter 5705. Since the City is in fiscal emergency, however, its financial operations are restricted by the provisions of Chapter 118 rather than Chapter 5705. Citations to Chapter 5705 would therefore be presented only for funds which did not contribute to the City being placed in fiscal emergency.

***Restatement of Fund Balance/Net Assets***

During 2008, it was determined that an enterprise fund was misclassified as a special revenue fund, and the general fund and the court capital improvement special revenue fund had understated fund balance/net assets due to unrecorded financing activity and prior year adjustments, respectively. The correction of these matters had the following effect on fund balance/net assets as they were previously reported.

	General Fund	Park Fund	State Issue II Fund	Other Governmental Funds	Total Governmental Funds
Fund Balance, December 31, 2007	\$475,394	\$377,461	\$82,703	\$725,224	\$1,660,782
Reclassification of Fund Balance	0	0	0	(42,352)	(42,352)
Understatement of Fund Balance	38,466	0	0	67,009	105,475
Adjusted Fund Balance, December 31, 2007	<u>\$513,860</u>	<u>\$377,461</u>	<u>\$82,703</u>	<u>\$749,881</u>	<u>\$1,723,905</u>

	Water	Sewer	Total
Net Assets, December 31, 2007	\$331,963	\$1,987	\$333,950
Reclassification of Net Assets	0	42,352	42,352
Adjusted Net Assets, December 31, 2007	<u>\$331,963</u>	<u>\$44,339</u>	<u>\$376,302</u>

	Governmental Activities	Business-Type Activities	Total
Net Assets, December 31, 2007	\$1,660,782	\$333,950	\$1,994,732
Reclassification of Net Assets	(42,352)	42,352	0
Understatement of Net Assets	105,475	0	105,475
Adjusted Net Assets, December 31, 2007	<u>\$1,723,905</u>	<u>\$376,302</u>	<u>\$2,100,207</u>

**Note 4 – Budgetary Basis of Accounting**

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budget Basis for the general and major special revenue funds are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference between the budgetary basis and the modified cash basis is that outstanding year end encumbrances are treated as expenditures (budgetary basis) rather than as a reservation of fund balance (modified cash basis). The general fund and the park special revenue fund encumbrances outstanding at year end (budgetary basis) amounted to \$181,368 and \$20,617, respectively.

**City of Campbell, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2008*

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**Note 5 - Deposits and Investments**

Monies held by the City are classified by State statute into three categories.

Active deposits are public deposits determined to be necessary to meet current demands upon the City treasury. Active monies must be maintained either as cash in the City Treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that Council has identified as not required for use within the current five year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts including passbook accounts.

Interim monies held by the City can be deposited or invested in the following securities:

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to payment of principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in securities listed above;
4. Bonds and other obligations of the State of Ohio or Ohio local governments;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations provided that investments in securities described in the division are made only through eligible institutions; and
6. The State Treasurer's investment pool (STAROhio);

The City may also invest monies not required to be used for a period of six months or more in the following:

1. Bonds of the State of Ohio;
2. Bonds of any municipal corporation, village, county, township, or other political subdivision of this State, as to which there is no default of principal, interest, or coupons;
3. Obligations of the City.

**City of Campbell, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2008*

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Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the City, and must be purchased with the expectation that it will be held to maturity.

Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the finance director or qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

### **Deposits**

***Custodial Credit Risk*** Custodial credit risk for deposits is the risk that in the event of bank failure, the City will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year end, \$2,709,265 of the City's bank balance of \$3,014,956 was uninsured and uncollateralized. Although the securities were held by the pledging financial institutions' trust department and all statutory requirements for the investment of money had been followed, noncompliance with Federal requirements could potentially subject the City to a successful claim by the FDIC.

The City has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the City or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred five percent of the deposits being secured.

### **Investments**

Investments are reported at fair value. As of December 31, 2008, the City had an investment in a no load money market mutual fund for \$14,138.

***Interest Rate Risk*** As a means of limiting its exposure to fair value losses caused by rising interest rates, the City's investment policy requires that operating funds be invested primarily in short-term investments maturing within five years from the date of purchase, unless they are matched to a specific obligation or debt of the City, and that the City's investment portfolio be structured so that securities mature to meet cash requirements for ongoing operations and/or long-term debt payments. The stated intent of the policy is to avoid the need to sell securities prior to maturity. State statute limits investments in repurchase agreements to 30 days and the market value of the securities must exceed the principal value of the agreement by at least 2 percent and be marked to market daily.

***Credit Risk*** The no load money market mutual fund carries a rating of AAA by Standard & Poor's. The City has no investment policy that addresses credit risk.

***Custodial Credit Risk*** For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The underlying securities of the repurchase agreement are exposed to custodial credit risk in that they are uninsured, unregistered and held by the counterparty. The City has no investment policy dealing with investment custodial risk beyond the requirement in State statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the treasurer or qualified trustee.

**City of Campbell, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2008*

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**Note 6 – Receivables**

***Property Taxes***

Property taxes include amounts levied against all real, public utility, and tangible personal property located in the City. Property tax revenue received during 2008 for real and public utility property taxes represents collections of the 2007 taxes. Property tax payments received during 2008 for tangible personal property (other than public utility property) are for 2008 taxes.

2008 real property taxes are levied after October 1, 2008 on the assessed value as of January 1, 2008, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2008 real property taxes are collected in and intended to finance 2009.

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2008 public utility property taxes became a lien December 31, 2007, are levied after October 1, 2008, and are collected in 2009 with real property taxes.

2008 tangible personal property taxes are levied after October 1, 2007, on the value as of December 31, 2007. Collections are made in 2008. Tangible personal property assessments are being phased out to 6.25 percent for 2008 and zero for 2009. Payments by multi-county taxpayers are due September 20. Single county taxpayers may be paid annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable September 20.

The full tax rate for all City operations for the year ended December 31, 2008 was \$6.20 per \$1,000 of assessed value. The assessed values of real and tangible personal property upon which 2008 property tax receipts were based are as follows:

Real Property	
Residential/Agricultural	\$70,547,000
Other Real Estate	6,563,640
Public Utility Personal Property	2,848,347
Tangible Personal Property	1,090,039
Total	<u><u>\$81,049,026</u></u>

Real property taxes are payable annually or semi-annually. If paid annually, the payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Tangible personal property taxes paid by multi-city taxpayers are due September 20. Single city taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30; with the remainder payable by September 20.

The County Treasurer collects property tax on behalf of all taxing districts within the City. The County Auditor periodically remits to the taxing districts their portions of the taxes collected.

***Income Tax***

The City levies and collects an income tax of 2.5 percent on all income earned within the City as well as on income of residents earned outside the City. In the latter case, the City allows a credit of 100 percent of the

**City of Campbell, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2008*

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tax paid to another municipality, not to exceed the amount owed. Employers within the City are required to withhold income tax on employee earnings and remit the tax to the City quarterly. Corporations and other individual taxpayers are also required to pay their estimated tax at least quarterly and file a final return annually. In 2008, the proceeds were allocated ninety percent to the general fund and ten percent to the park special revenue fund.

**Note 7 - Contingencies**

***Grants***

The City receives financial assistance from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or any other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the City at December 31, 2008.

***Litigation***

The City of Campbell is a party to legal proceedings. The City management is of the opinion that ultimate disposition of these claims and legal proceedings will not have a material effect, if any, on the financial condition of the City.

**Note 8 - Risk Management**

The City of Campbell is exposed to various risks of loss to torts; thefts of, damage to and destruction of assets; errors and omissions; injuries to employees and natural disaster. During 2008, the City contracted with Ohio Plan Insurance for various types of insurance coverage as follows:

<u>Type</u>	<u>Coverage</u>	<u>Deductible</u>
Inland Marine	\$329,135	\$500
Property	19,788,022	1,000
Electronic Data Processing	122,000	500
Crime	137,100	100
Fleet Vehicle		
Physical Damage	50,000	500
Liability	2,000,000	500

Settled claims have not exceeded this coverage in any of the last three years. There has not been significant reduction in coverage from the prior year.

Healthcare is provided through United Healthcare with single coverage of \$398.61 per month, husband and wife coverage of \$869.08 per month, parent and child coverage of \$685.00 per month and full family coverage of \$1,238.30 per month.



**City of Campbell, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2008*

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Workers' compensation is provided by the State. The City pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

**Note 9 - Defined Benefit Pension Plans**

***Ohio Public Employees Retirement System***

Plan Description – The City participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional pension plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the member-directed plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings. The combined plan is a cost-sharing, multiple-employer defined benefit pension plan. Under the combined plan, OPERS invests employer contributions to provide a formula retirement benefit similar in nature to the traditional pension plan benefit. Member contributions, the investment of which is self-directed by the members, accumulate retirement assets in a manner similar to the member-directed plan.

OPERS provides retirement, disability, survivor and death benefits and annual cost-of-living adjustments to members of the traditional pension and combined plans. Members of the member-directed plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report. Interested parties may obtain a copy by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 614-222-5601 or 800-222-7377.

Funding Policy – The Ohio Revised Code provides statutory authority for member and employer contributions. For the year ended December 31, 2008, members in state and local classifications contributed 10.0 percent of covered payroll and public safety and law enforcement members contributed 10.1 percent.

The City's contribution rate for 2008 was 14.0 percent, except for those plan members in law enforcement or public safety, for whom the City's contribution was 17.4 percent of covered payroll. The Ohio Revised Code provides statutory authority for member and employer contributions.

The City's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2008, 2007, and 2006 were \$88,070, \$103,476, and \$91,386, respectively; 67.64 percent has been contributed for 2008 and 100 percent for 2007 and 2006. There were no contributions to the member-directed plan for 2008.

***Ohio Police and Fire Pension Fund***

Plan Description – The City contributes to the Ohio Police and Fire Pension Fund (OP&F), a cost-sharing multiple-employer defined benefit pension plan. OP&F provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by the Ohio State Legislature and are codified in Chapter 742 of the Ohio Revised Code. OP&F issues a publicly available financial report that includes financial information and required supplementary information for the plan. That report may be obtained by writing to OP&F, 140 East Town Street, Columbus, Ohio 43215-5164.

**City of Campbell, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2008*

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Funding Policy – Plan members are required to contribute 10.0 percent of their annual covered salary to fund pension obligations. The City’s contribution was 19.5 percent for police officers and 24.0 percent for firefighters. Contribution rates are established by State statute. For 2008, a portion of the City’s contributions equal to 6.75 percent of covered payroll was allocated to fund the post-employment health care plan. The City’s contributions to OP&F for police and firefighters were \$61,418 and \$38,807 for the year ended December 31, 2008, \$86,167 and \$46,020 for the year ended December 31, 2007, and \$76,885 and \$45,429 for the year ended December 31, 2006. 73.75 percent for police and 74.73 percent for firefighters has been contributed for 2008. The full amount has been contributed for 2007 and 2006.

**Note 10 – Postemployment Benefits**

***Ohio Public Employees Retirement System***

Plan Description – OPERS maintains a cost-sharing multiple-employer defined benefit post-employment health care plan for qualifying members of both the traditional and combined pension plans. Members of the member-directed plan do not qualify for ancillary benefits, including post-employment health care. The plan includes a medical plan, a prescription drug program and Medicare Part B premium reimbursement.

To qualify for post-employment health care coverage, age-and-service retirees under the traditional and combined plans must have ten or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The Ohio Revised Code permits, but does not require, OPERS to provide health care benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

Disclosures for the health care plan are presented separately in the OPERS financial report which may be obtained by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 614-222-5601 or 800-222-7377.

Funding Policy – The post-employment health care plan was established under, and is administered in accordance with, Internal Revenue Code 401(h). State Statute requires that public employers fund post-employment health care through their contributions to OPERS. A portion of each employer’s contribution to the traditional and combined plans is set aside for the funding of post-employment health care.

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2008, state and local government employers contributed at a rate of 14.0 percent of covered payroll (17.40 percent for public safety and law enforcement). Each year, the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding post-employment health care benefits. For 2008, the amount of the employer contributions which was allocated to fund post-employment health care was 7.0 percent of covered payroll.

The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the health care benefits by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

The City’s contributions allocated to fund post-employment health care benefits for the years ended December 31, 2008, 2007, and 2006 were \$36,888, \$64,091, and \$59,777, respectively; 67.64 percent has been contributed for 2008 and 100 percent for 2007 and 2006.

**City of Campbell, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2008*

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The Health Care Preservation Plan (HCPP) adopted by the OPERS Retirement Board on September 9, 2004, was effective January 1, 2007. Member and employer contribution rates increased as of January 1, 2006, January 1, 2007, and January 1, 2008, which allowed additional funds to be allocated to the health care plan.

***Ohio Police and Fire Pension Fund***

Plan Description – The City contributes to the Ohio Police and Fire Pension Fund (OP&F) sponsored health care program, a cost-sharing multiple-employer defined post-employment health care plan administered by OP&F. OP&F provides health care benefits including coverage for medical, prescription drugs, dental, vision, Medicare Part B Premium reimbursement and long-term care to retirees, qualifying benefit recipients and their eligible dependents.

OP&F provides access to post-retirement health care coverage for any person who receives or is eligible to receive a monthly service, disability, or survivor benefit check or is a spouse or eligible dependent child of such person.

The Ohio Revised Code allows, but does not mandate OP&F to provide OPEB benefits. Authority for the OP&F Board of Trustees to provide health care coverage to eligible participants and to establish and amend benefits is codified in Chapter 742 of the Ohio Revised Code.

OP&F issues a publicly available financial report that includes financial information and required supplementary information for the plan. That report may be obtained by writing to OP&F, 140 East Town Street, Columbus, Ohio 43215-5164.

Funding Policy – OP&F's post-employment health care plan was established and is administered as an Internal Revenue Code 410(h) account within the defined benefit plan, under the authority granted by the Ohio Revised Code to the OP&F Board of Trustees. The Ohio Revised Code sets the contribution rates for participating employers and for plan members to the OP&F. Participating employers are required to contribute to the pension plan at rates expressed as percentages of the payroll of active pension plan members, currently, 19.5 percent and 24.0 percent of covered payroll for police and fire employers, respectively.

The Board of Trustees is authorized to allocate a portion of the total employer contributions made to the pension plan to the 401(h) account as the employer contribution for retiree health care benefits. For the year ended December 31, 2008, the employer contribution allocated to the health care plan was 6.75 percent of covered payroll. The amount of employer contributions allocated to the health care plan each year is subject to the Trustees' primary responsibility to ensure that pension benefits are adequately funded and is limited by the provisions of Section 401(h).

The OP&F Board of Trustees also is authorized to establish requirements for contributions to the health care plan by retirees and their eligible dependents, or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

The City's contributions to OP&F which were allocated to fund post-employment health care benefits for police and firefighters were \$40,510 and \$18,508 for the year ended December 31, 2008, \$49,475 and \$19,099 for the year ended December 31, 2007, and \$50,652 and \$21,671 for the year ended December 31, 2006. The full amount has been contributed for 2007 and 2006. 73.75 percent has been contributed for police and 74.73 percent has been contributed for firefighters for 2008.

**City of Campbell, Ohio**  
*Notes to the Basic Financial Statements*  
For the Year Ended December 31, 2008

**Note 11 - Long-Term Obligations**

Original issue amounts and interest rates of the City's debt issues were as follows:

Debt Issue	Interest Rate	Original Issue	Year of Maturity
<b>Governmental Activities</b>			
<i>Local Government Fund Notes - 2005</i>	6.23%	\$746,939	2012
<b>Business-Type Activities</b>			
<i>OWDA Loans</i>			
Water Treatment Plant - 2000	5.16 - 5.54%	2,421,405	2024
<i>OPWC Loans</i>			
Liberty Sewer Water Tank - 1999	0.00%	809,670	2021
Water System Improvement - 1994	0.00%	505,300	2011

The changes in long-term obligations during the year were as follows:

	Balance 12/31/07	Additions	Reductions	Balance 12/31/08	Amounts Due in One Year
<b>Governmental Activities</b>					
<i>Local Government Fund Notes</i>	\$514,003	\$0	(\$90,364)	\$423,639	\$96,252
<i>Other</i>					
Police and Fire Pension	571,637	0	(11,300)	560,337	11,786
<b>Total Governmental Activities</b>	<b>\$1,085,640</b>	<b>\$0</b>	<b>(\$101,664)</b>	<b>\$983,976</b>	<b>\$108,038</b>
<b>Business-Type Activities</b>					
<i>OWDA Loans</i>					
Water Treatment Plant	\$1,953,038	\$0	(\$82,970)	\$1,870,068	\$87,519
<i>OPWC Loans</i>					
Liberty Sewer Water Tank	546,528	0	(40,484)	506,044	40,484
Water System Improvement	117,903	0	(33,687)	84,216	33,687
<b>Total OPWC Loans</b>	<b>664,431</b>	<b>0</b>	<b>(74,171)</b>	<b>590,260</b>	<b>74,171</b>
<b>Total Business-Type Activities</b>	<b>\$2,617,469</b>	<b>\$0</b>	<b>(\$157,141)</b>	<b>\$2,460,328</b>	<b>\$161,690</b>

The local government fund notes and the police and fire pension liability will be paid from the general fund. The OWDA and OPWC loans will be paid with user charges from the water enterprise fund.

The City's overall legal debt margin was \$8,086,509 with an unvoted debt margin of \$4,034,057 at December 31, 2008. Principal and interest requirements to retire long-term obligations outstanding at December 31, 2008 are as follows:

**City of Campbell, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2008*

<b>Governmental Activities</b>				
	Local Government		Police and Fire	
	Fund Notes		Pension Liability	
	Principal	Interest	Principal	Interest
2009	\$96,252	\$25,250	\$11,786	\$23,690
2010	102,426	19,076	12,292	23,184
2011	108,995	12,506	12,820	22,656
2012	115,966	5,535	13,370	22,106
2013	0	0	13,945	21,531
2014 - 2018	0	0	79,239	98,141
2019 - 2023	0	0	97,782	79,598
2024 -2028	0	0	120,665	56,715
2029 -2033	0	0	148,903	28,478
2034 -2035	0	0	49,535	2,087
Total	\$423,639	\$62,367	\$560,337	\$378,186

<b>Business-Type Activities</b>			
	OWDA		OPWC
	Loan		Loans
	Principal	Interest	Principal
2009	\$87,519	\$102,965	\$74,171
2010	92,315	98,170	74,171
2011	97,375	93,109	57,327
2012	102,712	87,771	40,484
2013	108,343	82,141	40,484
2014 - 2018	541,212	323,198	202,420
2019 - 2023	680,952	161,456	101,203
2024	159,640	8,843	0
Total	\$1,870,068	\$957,653	\$590,260

**Note 12 – Interfund Transfers**

During 2008, the general fund transferred \$12,500 to the area on aging special revenue fund and \$100,000 to the State issue II capital projects fund.

The transfers to the area on aging special revenue fund as well as the State issue II capital projects fund were to eliminate the deficit fund balances.

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# Dave Yost • Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

City of Campbell  
Mahoning County  
351 Tenney Avenue  
Campbell, Ohio 44405

To the City Council:

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Campbell, Mahoning County, Ohio, (the "City") as of and for the years ended December 31, 2009 and 2008, which collectively comprise the City's basic financial statements and have issued our report thereon dated January 25, 2011, wherein we noted the City prepared its financial statements on a basis of accounting other than that prescribed by Ohio Administrative Code Section 117-2-03 (B), and wherein we noted the City is experiencing financial difficulties and is in fiscal emergency. We also noted the Auditor of State served during the years ended December 31, 2009 and 2008 as the City's financial supervisor under Ohio Revised Code § 118.05 (G). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to audit the City because the Auditor of State may assume broad management powers, duties and functions under Ohio Revised Code § 118.04. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 118.05 (G) requires the Auditor of State to provide these supervisory services, and Ohio Revised Code § 117.11 (A) mandates the Auditor of State to audit Ohio governments. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

### **Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the City's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of opining on the effectiveness of the City's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the City's internal control over financial reporting.

Our consideration of the internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. Therefore, we cannot assure that we have identified all deficiencies, significant deficiencies or material weaknesses. However, as described in the accompanying schedule of findings we identified certain deficiencies in internal control over financial reporting, that we consider material weaknesses and another deficiency we consider to be a significant deficiency.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and timely corrected. We consider findings 2009-01, 2009-02 and 2009-04 described in the accompanying schedule of findings to be material weaknesses.

A significant deficiency is a deficiency, or a combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider finding 2009-06 described in the accompanying schedule of findings to be a significant deficiency.

### **Compliance and Other Matters**

As part of reasonably assuring whether the City's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express an opinion. The results of our tests disclosed instances of noncompliance or other matters that we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2009-001 through 2009-005.

We also noted certain matters not requiring inclusion in this report that we reported to the City's management in a separate letter dated January 25, 2011.

The City's responses to the findings identified in our audit are described in the accompanying schedule of findings. We did not audit the City's responses and, accordingly, we express no opinion on them.

We intend this report solely for the information and use of management and City Council. We intend it for no one other than these specified parties.



**Dave Yost**  
Auditor of State

January 25, 2011



**CITY OF CAMPBELL  
MAHONING COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2009 AND 2008**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 2009-01**

**Noncompliance Citation and Material Weakness**

**Ohio Revised Code § 117.38** provides each public office shall file a financial report for each fiscal year. The auditor of state may prescribe forms by rule or may issue guidelines, or both, for such reports. If the auditor of state has not prescribed a rule regarding the form for the report, the public office shall submit its report on the form utilized by the public office. Ohio Administrative Code § 117-2-03 further clarifies the requirements of Ohio Revised Code § 117.38.

Ohio Administrative Code § 117-2-03 (B) requires the City to prepare its annual financial report in accordance with accounting principles generally accepted in the United States of America. However, the City prepares its financial statements in accordance with standards established by the Auditor of State for governmental entities not required to prepare annual reports in accordance with accounting principles generally accepted in the United States of America. The accompanying financial statements and notes omit assets, liabilities, fund equities, and disclosures that, while material, cannot be determined at this time. The City can be fined and various other legal administrative remedies may be taken against the City.

We recommend the City prepare its annual financial report in accordance with accounting principles generally accepted in the United States of America.

**Official's Response:**

The City recognizes the need to prepare financial reports in accordance with accounting principles generally accepted in the United States of America. However, since it has not been done in the past, it will be a very time consuming and costly task to undertake. The City will purchase in 2011 new accounting software to replace our current 1986 accounting software, which will assist us in the conversion to modified accrual accounting. We are also currently evaluating proposals to identify and assign valuation for fixed assets. We have already met with a representative from at least one firm that specializes in asset valuation appraisal. Once these tasks are completed, the City will take appropriate action to correct the aforementioned concerns.

**FINDING NUMBER 2009-02**

**Noncompliance Citation and Material Weakness**

**Ohio Revised Code § 149.43** provides in part that "public record" means a record that is kept by any public office, including, but not limited to, state, county, city village, township, and school district units. Furthermore division (B)(1) of this section states that all public records shall be promptly prepared and made readily available for inspection to any person at all reasonable times during regular business hours. Upon request, a public office or person responsible for public records shall make copies available at cost, within a reasonable period of time. In order to facilitate broader access to public records, public offices shall maintain public records in a manner that they can be made available for inspection in accordance with this division.

**FINDING NUMBER 2009-02  
(Continued)**

The City could not provide us with the following 2008 records:

- Six purchase orders;
- Original signed contract for the Demolition Project and the Gazebo Construction Project;
- Depository Agreements;
- Pledged collateral;
- First National Bank deposit slips for all accounts; and
- List of contracts subject to competitive bidding procedures.

As a result, we had to perform alternative tests to gain assurances over contracts and expenditures related to these areas.

Furthermore, the City had significant delays in providing the following 2008 records:

- Invoices for ten checks;
- Ten Purchase Orders;
- Outstanding Checklist as of year-end;
- Internal Control Narratives;
- Detailed list of outstanding encumbrances as of year-end;
- Summer Concert In The Park schedule;
- Payroll related Ordinances establishing or changing pay rates for officials and employees of the City;
- Leave balance reports;
- Leave request forms;
- Time cards for hourly employees;
- Severance package calculations and approval;
- W-2s for all employees receiving taxable fringe benefits;
- List of fringe benefits paid for the year;
- Payroll Earnings Registers; and
- Supporting documentation for contracts subject to competitive bidding procedures for the Demolition Project, Gazebo Project, Paving Project, and Police Cruiser purchase.

The City could not provide us with the following 2009 records:

- One purchase order;
- Depository Agreements;
- Pledged collateral; and
- List of contracts subject to competitive bidding procedures.

As a result, we had to perform alternative tests to gain assurances over contracts and expenditures related to these areas.

Furthermore, the City had significant delays in providing the following 2009 records:

- Invoices for eleven checks;
- Ten Purchase Orders;
- Outstanding Checklist as of year-end;
- Internal Control Narratives;
- Detailed list of outstanding encumbrances as of year-end;
- Summer Concert In The Park schedule;
- Payroll related Ordinances establishing or changing pay rates for officials and employees of the City;
- Leave balance reports;
- Leave request forms;

**FINDING NUMBER 2009-02  
(Continued)**

- Time cards for hourly employees;
- Severance package calculations and approval;
- W-2s for all employees receiving taxable fringe benefits;
- List of fringe benefits paid for the year;
- Payroll Earnings Registers;
- Huntington Bank deposit slips for the period 9/1/09 through 12/31/09; and
- Supporting documentation for a contract subject to competitive bidding procedures for the Roosevelt Park Restrooms Project.

This situation restricted our ability to complete the audit timely, thus delaying the issuance of the audit report.

We recommend the City maintain records in a manner which provides for timely response to all requested records.

**Official's Response:**

We did not receive a response from Officials to this finding.

**FINDING NUMBER 2009-03**

**Noncompliance Citation**

**Ohio Revised Code § 5705.41(D)** prohibits a subdivision or taxing unit from making any contract or ordering any expenditure of money unless a certificate signed by the fiscal officer is attached thereto. The fiscal officer must certify that the amount required to meet any such contract or expenditure has been lawfully appropriated and is in the treasury, or in the process of collection to the credit of an appropriate fund free from any previous encumbrance. Further, contracts and orders for expenditures lacking prior certification shall be null and void.

There are several exceptions to the standard requirement stated above that a fiscal officer's certificate must be obtained prior to a subdivision or taxing authority entering into a contract or order involving the expenditure of money. The main exceptions are: "then and now" certificates, blanket certificates, and super blanket certificates, which are provided for in sections 5705.41(D)(1) and 5705.41(D)(3), respectively, of the Ohio Revised Code.

- A. "Then and Now" Certificate** – If the fiscal officer can certify that both at the time the contract or order was made ("then"), and at the time the fiscal officer is completing the certificate ("now"), that sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrances, the City can authorize the drawing of a warrant for the payment of the amount due. The City has thirty days from the receipt of the "then and now" certificate to approve payment by ordinance or resolution.

Amounts of less than \$3,000 may be paid by the fiscal officer without a resolution or ordinance upon completion of the "then and now" certificate, provided the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the City.

**FINDING NUMBER 2009-03  
(Continued)**

- B. Blanket Certificate** – Fiscal officers may prepare “blanket” certificates not exceeding an amount established by resolution or ordinance adopted by the legislative authority against any specific line item account over a period not running beyond the current fiscal year. The blanket certificates may, but need not, be limited to a specific vendor. Only one blanket certificate may be outstanding at one particular time for any particular line item appropriation.
- C. Super Blanket Certificate** – The City may also make expenditures and contracts for any amount from a specific line item appropriation account in a specified fund upon certification of the fiscal officer for most professional services, fuel, oil, food items, and any other specific recurring and reasonably predictable operating expense. This certificate is not to extend beyond the current year. More than one super blanket certificate may be outstanding at a particular time for any line item appropriation.

Six out of 43, and 19 out of 54 expenditures tested for 2008 and 2009, respectively, were not certified by the fiscal officer at the time the commitment was incurred, and there was no evidence the City followed the aforementioned exceptions. Failure to properly certify the availability of the funds can result in overspending funds and negative cash fund balances.

Unless the exceptions noted above are used, prior certification is not only required by statute, but is a key control in the disbursement process to assure that purchase commitments receive prior approval. To improve controls over disbursements and to help reduce the possibility of the City's funds exceeding budgetary spending limitations, we recommend the Finance Director certify that funds are or will be available prior to the obligation of the City. When prior certification is not possible, “then and now” certification should be used.

We recommend the City certify expenditures to which § 5705.41(D) applies. The most convenient certification method to authorize disbursements is to use purchase orders that include certification language required by § 5705.41(D). The fiscal officer should sign the certification at the time the City incurs a commitment, and only when the requirements of § 5705.41(D) are satisfied. The fiscal officer should post approved purchase commitments to the proper appropriation code, to reduce the available appropriation.

**Official's Response:**

We did not receive a response from Officials to this finding.

**FINDING NUMBER 2009-04**

**Noncompliance Citation and Material Weakness**

**Financial Plan for the City of Campbell Fiscal Emergency Mahoning County, Ohio, December 16, 2004**, states the Finance Director will close the books of the City and prepare monthly reconciliations by the twelfth of every month.

The City could not provide us with monthly cash reconciliations for the period January 1, 2008 through December 31, 2009. Therefore, additional measures were performed to ensure the City's cash fund balances agreed to their bank balances. The results of these procedures identified the City's 2008 beginning fund balance was understated in the Court Capital Improvement Fund by \$67,009 due to prior year adjustments and financing activity related to this fund not reflected in the City's records.

**FINDING NUMBER 2009-04  
(Continued)**

Furthermore, additional prior year adjustments were incorrectly posted to the City's records resulting in an understated 2008 beginning cash fund balance of \$38,466. The City could not determine which funds were affected by the discrepancy. As a result, a restatement of the General Fund's 2008 beginning cash fund balance was prepared to account for the discrepancy.

We recommend the City investigate their financial records to determine the origin of the variance, and take corrective action to ensure the situation does not occur in the future. In addition, we recommend the City close its books and prepare monthly cash reconciliations by the twelfth of every month to determine whether the City's depository balances agree to its cash fund balances. Furthermore, the performance of timely cash reconciliations will facilitate the correction of any discrepancies.

**Official's Response:**

The City, with the Finance Director working in concert with City Council and the new Mayor, will make a concerted effort to improve the timeliness of the monthly cash reconciliation, in order to correct the aforementioned concern.

**FINDING NUMBER 2009-05**

**Noncompliance Citation**

**Charter of the City of Campbell, Ohio, § 5.04** provides the Director of Administration may, within the amounts and items appropriated by the Council, make purchases and enter into contracts in behalf of the City involving expenditures not in excess of one thousand dollars (\$1,000).

No contract involving expenditures in excess of one thousand dollars (\$1,000) shall be entered into without prior approval of the Board of Control. The Board of Control for consideration and awarding of contracts shall consist of the Mayor, Director of Administration, Director of Finance, and the Director of Law. All meetings of the Board of Control shall be open to the public.

No purchase or contract involving an expenditure of more than one thousand dollars (\$1,000) shall be made except with a qualified, responsible bidder submitting the lowest and best bid as determined by the Board of Control after advertising for bids in a newspaper of general circulation within the municipality on two successive weeks. The decision of the Board of Control as to the qualifications and responsibility of the bidder shall be final, provided the Board of Control acts in good faith. The Board of Control may reserve the right to reject any and all bids.

It is further provided, however, that the Board of Control may authorize contracts for personal services without advertising for bids and may authorize purchases or enter into contracts involving an expenditure of more than one thousand dollars (\$1,000) without advertising for bids if Council determines and declares by an affirmative vote of at least four members that an emergency exists, sets forth the nature of the emergency in its ordinance or resolution, and appropriates the necessary funds.

Through review of the City's contractual expenditures, we identified three out of 16, and four out of 14 expenditures tested in 2008 and 2009, respectively, that were subject to Board of Control approval and competitive bidding requirements, as set forth in the City's Charter; however, the City could not provide evidence indicating the Board of Control approved these expenditures, or competitive bidding procedures were properly followed pursuant to the Charter provisions set forth above.

We recommend the City comply with the aforementioned Charter provision to ensure the City is obtaining the lowest and best bid available for expenditures exceeding \$1,000.

**FINDING NUMBER 2009-05  
(Continued)**

**Official's Response:**

The City will consider amending Section 5.04 of the Charter of the City of Campbell, by placing a charter amendment before the voters in 2011 to adjust the threshold to make purchases and enter into contracts to be in compliance with the Ohio Revised Code, in order to correct the aforementioned concern.

**FINDING NUMBER 2009-06**

**Significant Deficiency**

We identified the following problems with the City's management of checks:

- Check number 12899 dated January 1, 2009, was recorded in the 2009 Check Register; however, the check was out of sequence as subsequent check numbers 12900 and 12901 were recorded in the 2008 Check Register. This situation resulted in discrepancies in determining the last check issued for the year in order to ensure that financing activity is recorded in the proper period.
- 14 checks in 2008 and five checks in 2009 cleared the bank at an amount that was different than the amount recorded in the City's Check Register. This resulted in reconciling items on the City's cash reconciliation.
- Six checks in 2008 and three checks in 2009 cleared the bank, but were not recorded in the City's Check Register. This resulted in reconciling items on the City's cash reconciliation.
- Check numbers 12902, 12903 and 12904 were not recorded in the City's Check Register nor cleared the bank during our audit period; however, the City could not provide evidence indicating these checks were voided or their location.
- Check number 14043 was recorded in the 2010 Check Register; however, it cleared the bank December 24, 2009 resulting in a 2009 unrecorded expense. Moreover, this resulted in a reconciling item on the City's cash reconciliation.

These errors may lead to items not properly accounted for on the City's cash reconciliations, resulting in the inability to reconcile. Moreover, the inability to reconcile affects the determination of a proper cutoff of cash when preparing annual financial statements.

We recommend the City issue checks in sequential order, in the proper period, and checks should be system generated instead of manual, to ensure the amount recorded in the City's accounting records is the same as the amount that clears the bank. In addition, the City should ensure that all checks are accounted for and safeguarded, and any voided checks should be properly voided and maintained for audit purposes.

**Official's Response:**

We did not receive a response from Officials to this finding.

**CITY OF CAMPBELL  
MAHONING COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2009 AND 2008**

<b>Finding Number</b>	<b>Finding Summary</b>	<b>Fully Corrected?</b>	<b>Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:</b>
2007-001	Ohio Administrative Code 117-2-03(B), the City did not prepare its annual financial report in accordance with generally accepted accounting principles.	No	Not Corrected. See current year finding number 2009-001.
2007-002	ORC § 5705.39, appropriations exceeded estimated resources.	Yes	N/A
2007-003	ORC § 5705.41(D), failure to certify funds.	No	Not Corrected. See current year finding number 2009-003.
2007-004	Charter of the City of Campbell, Ohio § 5.04, failure to obtain Board of Control approval and competitive bidding procedures for purchases exceeding \$1,000.	No	Not Corrected. See current year finding number 2009-005.
2007-005	Material Weakness – Deficiencies noted in the City’s computer system due to a lack of software edit controls.	Yes	N/A

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# Dave Yost • Auditor of State

**CITY OF CAMPBELL**

**MAHONING COUNTY**

## **CLERK'S CERTIFICATION**

**This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.**

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
MARCH 8, 2011**